

**TO:** Mayor and Council Members  
Marlene Best, City Manager  
Shawn Hagerty, City Attorney

**FROM:** Annette Ortiz, CMC, City Clerk

**DATE:** October 13, 2021

**SUBJ: UPDATED COUNCIL MEETING MATERIALS – OCTOBER 13, 2021**

**CONTINUED BUSINESS:**

**(10) Cannabis Workshop No. 3. (City Manager – Best)**

The attached correspondence relating to the above-mentioned Item is provided for your consideration.



**From:** Ronn Hall

**Sent:** Monday, September 27, 2021 11:51 AM

**To:** Annette Ortiz <[AOrtiz@CityofSanteeCa.gov](mailto:AOrtiz@CityofSanteeCa.gov)>

**Cc:** Marlene Best <[mbest@CityofSanteeCa.gov](mailto:mbest@CityofSanteeCa.gov)>; Arliss Cates <[ACates@CityofSanteeCa.gov](mailto:ACates@CityofSanteeCa.gov)>; Shawn Hagerty <[REDACTED]>; Ronn Hall <[RonnHall@CityofSanteeCa.gov](mailto:RonnHall@CityofSanteeCa.gov)>

**Subject:** Cannabis Dispensaries Article By Erik Wiese, READER's EDITORIAL: SANTEE CITY COUNCIL IS CONSIDERING LEGALIZING MARIJUANA: VOICE YOUR CONCERNS AT NEXT WORKSHOP OCTOBER 13

Hi Annette,

Can you please see that the entire council receives this article prior to the meeting on Oct 13th.

<https://www.eastcountymagazine.org/print/36319>

Thanks, Ronn

**Ronn Hall, Council Member**

MTS Board Member

(619) 258-4100 Ext. 295 | (619) 670-1200 Cell

[ronnhall@cityofsanteeca.gov](mailto:ronnhall@cityofsanteeca.gov)



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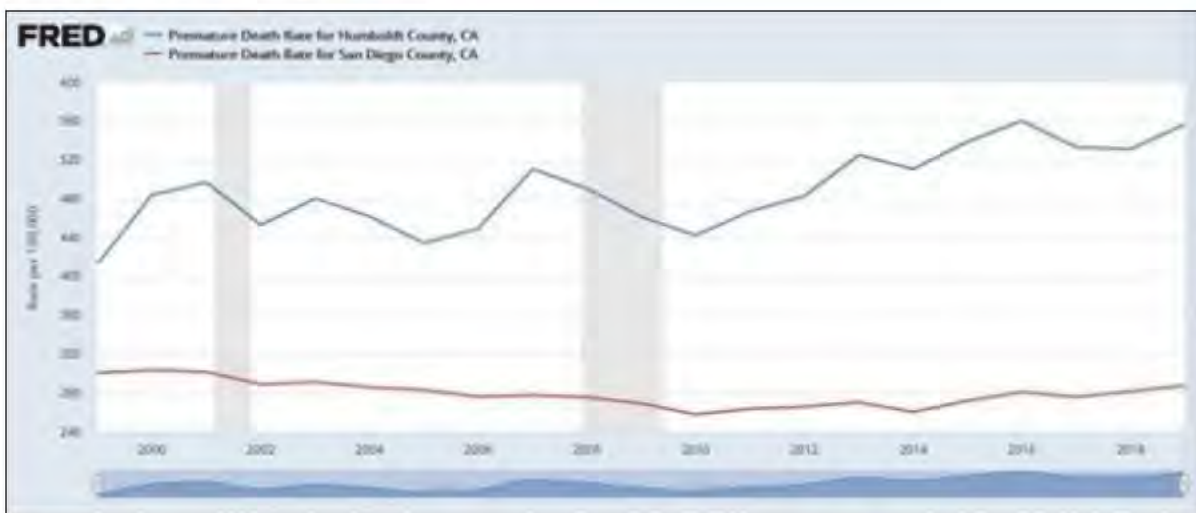
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## READER'S EDITORIAL: SANTEE CITY COUNCIL IS CONSIDERING LEGALIZING MARIJUANA: VOICE YOUR CONCERNS AT NEXT WORKSHOP OCTOBER 13

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By Erik Wiese,  
President, Wiese  
& Associates

September 26,  
2021 (Santee) --  
The city  
Councilmembers  
and staff of  
Santee should be  
congratulated on  
their historical

opposition to allowing cannabis dispensaries to open up in our city. For years, they have maintained the health and safety of our citizens as their primary concerns.

In contrast, anyone who travels down Greenfield Drive, a zone administered by the County of San Diego, will see the litter, the addicted homeless and the boarded up, defaced, semi-destroyed, former cannabis dispensaries. This blight upon our neighborhoods is the inevitable result of the County tolerating illegal drug pushers in our midst. The "compassionate" tolerance of medical cannabis for the ill has now morphed into the promotion in some cities of recreational cannabis. The drug dealers make huge profits, while the legitimate businesses suffer a great loss of income; as their customers now avoid travelling to what they perceive as a dangerous neighborhood. The drug dealers get rich, while legitimate businesses suffer and the neighborhood deteriorates.

At the same time that California is trying to fight against tobacco and spending \$326 million in state funds to combat tobacco use, we are insensibly promoting marijuana use.

- Smoking related health care costs are estimated at \$13.29 billion per year in California.
- Smoking related losses in productivity are estimated at \$10.35 billion per year.

These smoking statistics are compiled by the Center for Disease Control and can be verified at this hyperlink. (<https://truthinitiative.org/research-resources/smoking-region/tobacco-use-california-2020>) It is

completely nonsensical to use our State tax dollars to fight against the ill effects of tobacco use, and do the exact opposite when it comes to fighting against the ill effects of Cannabis use. Yet, instead of fighting the spread of Cannabis, some of our elected leaders seem intent on promoting it.

I am not for illegalizing tobacco or alcohol, but we should not be legalizing another drug that is even more destructive. Cigarettes have filters. Marijuana joints do not. If we truly love our fellow man, we should be seeking to minimize the use of substances that negatively effect our health and our judgement. And as our health care costs become more and more socialized, it behooves us fiscally to encourage our fellow citizens to take care of their health. Otherwise, we pay extra in our premiums to cover their medical care costs. We pay more in lost productivity when absenteeism increases. We pay more in pain in suffering when our love ones get broadsided in hit and run car accidents by those under the influence. In this case, love for our fellow man is synonymous with love for our own welfare.

In the fiscal year 2020, California received \$2.921 billion in revenue from tobacco settlement payments and sin taxes. These payments are an undisputed admission by the tobacco companies, that their products negatively affect the health of their customers. The tobacco companies are legal companies that have be held to account for lying about the health of their products. There will be no cannabis dealers with large bank accounts that can be levied against for their lies about cannabis. These marijuana drug pushers are fly-by-night operators who burn and churn through neighborhoods leaving addiction, filth and destroyed real estate behind them.

If tobacco use causes \$13.29 billion in health care costs, and loss in productivity of \$10.35 billion per year, does anyone really think cannabis use is less destructive or less addictive? Why are we sensibly fighting tobacco use while illogically promoting cannabis use? For example, alcohol and tobacco sales have been outlawed on billboards. Yet, throughout East County, cannabis companies prominently advertise on billboards. Is this evidence of schizophrenia, or simply moral confusion?

Unfortunately, the staff of Santee has been directed by some of the Santee City Councilmembers to consider bringing dispensaries and drug labs into Santee. A copy of their **Cannabis Workshop Agenda** (See attachment cannabisAgenda.pdf) is hyperlinked. On August 11<sup>th</sup>, I and about 40 other concerned citizens showed up to the City Council meeting to *unanimously* encourage our elected representatives to remain strong in their historical opposition to Cannabis within City limits.

In preparation for this meeting, I did a great deal of research on this topic. Attached is a list of [studies](#) that document the following arguments:

1. Marijuana usage as measured in roadside testing shows **marijuana is in the blood stream of 12.6% of weekend nighttime drivers aged 16 and over**. Drug use is a significant and growing problem.
2. Those with the chemical THC, from Marijuana, in their blood streams are 3-7 times more likely to be responsible for a crash than those who are clean and sober. Marijuana use causes a tremendous increase in automobile accidents and fatalities.
3. **Marijuana is addictive to 9% of adults and 17% of teens.**
4. 4 million people in the United States are considered dependent or addicted.

5. Marijuana use among teenagers is growing steadily.
6. Medical emergencies related to Marijuana have also increased.
7. **THC Content in confiscated Marijuana samples has increased from 3.8% in the 1990s to 50-80% today.** Consequently, cannabis is far more addictive today than in the 1990s.
8. Marijuana use causes memory loss, impaired thinking and interferes with a person's ability to learn and perform complicated tasks. **The loss can be as high as 6-8 permanently lost IQ points for persistent cannabis users.** Those who consistently get wasted, are permanently damaging their brains.
9. 48 Studies in New Zealand show that students who smoke marijuana have poorer educational outcomes than their nonsmoking peers. Since extra education is consistently correlated with making more money, those who drop out of school from Cannabis use are relegating themselves to second-class wage earners.
10. Several studies have also linked heavy marijuana use to lower income, greater welfare dependence, unemployment, criminal behavior, violence being inflicted on the user and lower life satisfaction. It sounds like a lot of pain and suffering. So, why encourage this?

In addition to these studies, we have a tabulation of the [Impact of the Legalization of Marijuana in Colorado](#). Here are some highlights:

#### **Since recreational marijuana was legalized in Colorado;**

- **Traffic deaths in which drivers tested positive for marijuana increased 109%, while all traffic deaths increased 31%.**
- This meant 115 people were killed by drivers with THC in their blood vs. 55 in 2013. Those who say Marijuana has never killed anyone, are intentionally mistaken.
- **Past month marijuana use for ages 12 and older increased 58%** and is 78% higher than the national average, currently ranked 4<sup>th</sup> in the nation. Those who say recreation Marijuana is only sold to adults intentionally ignore these facts. The kids can't get it unless somewhere along the supply chain, an adult sells it to them or allows them to steal it.
- **Marijuana tax revenues represent less than one percent of Colorado's Fiscal year 2018 budget.** Those who say taxing drug use will fill our coffers with sin tax money are grossly mistaken about the potential size of such revenues.

In addition to the tragic car accidents, and the hospital emergency admissions, there are other Cannabis casualties caused by crime. Here is an [article](#) posted on September 8, 2020 about seven people shot dead North of the Palomar Mountain.

The problem of Cannabis caused premature death is even worse in Humboldt County, part of the Emerald Triange, where authorities estimate that 60% of the pot consumed in the United States is grown.

“The homicide rate has historically been so high in the county that an Emerald Triangle TV show, Murder Mountain, debuted in 2018. Murder Mountain was a true-crime docuseries on Netflix that explored the darker side of the county's marijuana industry, notably the 2013 disappearance and homicide of local grower Garret Rodriguez.” (<https://weedmaps.com/learn/the-plant/emerald-triangle#what-is-humboldt-county-famous-for> )

Here is a quote from Humboldt County Sheriff William Honsai.

“When you compare our homicide rates, . . . we're near the top of the list. That is troubling, especially in the county where we see most of the homicides. We still see homicides related to

drugs and marijuana and it's challenging and disturbing. These are the ones we know about, there are things we know that go on in our 4,000 square miles and there are homicides we'll never know about." Honsai said violent crime rates in the county remain too high and he attributes most of the violence to the drug culture, including marijuana, even though the state has legalized the cultivation and possession of cannabis. (<https://www.times-standard.com/2018/12/29/homicide-cases-down-in-2018-officials-hope-trend-continues> )

Here is a comparison of the premature deaths in Humboldt County compared with San Diego. (<https://fred.stlouisfed.org/series/CDC20N2U006023>)

The takeaway, is that we don't want to follow the trend of those who embrace the drug culture, if we want to avoid the death from homicides, crime, car accidents, suicides and drug overdoses that come with it. Even consuming Cannabis in San Diego makes us partially responsible for the devastation caused from growing it in Humboldt County. There would be no supply, if there were no demand. There would be no dangerous Marijuana growing and cultivation industry in Humboldt, if consumers weren't buying the product.

We should learn from the suffering in Humboldt and stop it from coming here. It only gets harder to say "no to drugs!" if we focus on the momentary pleasure and desensitize ourselves to the pain they inevitably leave in their wake. If we can't say "no" now, how easy will it be when even more of us are addicted? Just look at Mexico to see a society in thrall to drug lords. You take your life into your own hands when visiting Mexico. The same danger exists in Humboldt County when driving down a dirt road. Do we want that insecurity here?

You would think that this overwhelming evidence from a large variety of sources would be fairly convincing. So, what arguments are the proponents of dispensaries and drug labs making?

**1. First, they claim that Marijuana is now legal under State law.**

Here is an [excerpt](https://www.legalmatch.com/law-library/article/federal-marijuana-laws.html) that summarizes the truth about this statement: (<https://www.legalmatch.com/law-library/article/federal-marijuana-laws.html> )

**Both the possession and distribution of marijuana are illegal under federal laws on marijuana**, specifically, the Controlled Substances Act. Federal law makes it illegal to use, possess, grow and sell marijuana. There is no exception for the medical or so-called "recreational" use of marijuana in federal law. Possession of even a small amount of marijuana is a federal criminal offense. Simple possession with no intent to distribute is a misdemeanor, punishable by up to one year in prison and a fine of up to \$1,000. Almost all states and some municipalities have passed laws [legalizing the medical and/or recreational use of marijuana](#) use in recent years. Even growing and distributing marijuana is now legal under state law in certain states. However, **if there is a conflict between federal and state law, federal law always prevails.**

**2. Second, they state that since Federal law is not being enforced, we can safely disregard it and do what we believe is fashionable.** Some have indicated that because others are embracing Marijuana, we should be on the leading edge of this trend.

This reminds me of what my parents used to say, "If everyone else is jumping off a cliff, would you do it also?" Promoting drug use is not a fashion statement. People don't die in car accidents or drug overdoses because you wear the wrong tie. Marriages don't fall apart from wearing the wrong shoes and belt. (Mine hasn't yet.) They do fall apart under the stress of substance abuse problems. Cannabis use should have nothing to do with following the crowd and making a fashion statement.

Instead, Cannabis use is a moral statement. Humboldt County is suffering and dying from being on the bleeding edge of cannabis production. Poor fashion statements can be embarrassing but don't end lives. Poor moral decisions ruin lives. As moral agents, we are witnesses to others whether we like it or not. We can make a strong moral statement and inspire others. Or, we can fail or falter or wobble.

Those who are spiritually weak will watch our actions and if we do the right thing, they will possibly emulate us. The hesitant may choose a better life and suffer a little less, and have a more productive future. On the other hand, If we abandon the moral high ground, those tempted by cannabis and other drugs will rationalize their own poor choices. "If our leaders don't have the discipline to do the right thing, why should I?" will be their cry of capitulation. Isn't it better to be a source of inspiration for those choosing to avoid cannabis, rather than catering to the stoner crowd? Shouldn't we try to please the moral majority, rather than chasing the approval of the drug pushers?

### **3. They claim that marijuana is no worse than alcohol.**

All of the statistics quoted earlier in the article document the increase in fatalities associated with cannabis legalization. Obviously, if deaths go up upon the legalization of recreational cannabis, then cannabis is the culprit for the increase in deaths. Logically, if the death count goes up with recreational cannabis legalization, then cannabis is worse than alcohol alone.

### **4. Marijuana labs will produce good high paying jobs.**

Yes, there will be a corresponding higher need for ambulance workers, marriage counselors, and drug treatment center workers. Police officers will get more overtime. Divorce lawyers will make more money. Real estate agents will get to sell more distressed property with mortgage payments that can no longer be supported when one of the wage earners prefers to spend it on dope. The morgue and mortuary business will get a good bump in business with the increase in car accidents. Sign us up!

Right now, I find it very difficult to find anyone qualified who wants to join my commercial real estate business or my dog kennel business. Jobs are not hard to find. Quality workers are hard to find. Good quality laborers who show up on time, and don't quit, and have decent job skills are at a premium. However, drug usage increases absenteeism. Cannabis use increases the likelihood of dropping out of school and therefore, acquiring fewer job skills. Marijuana increases productivity losses due to health problems, and accidents at work. If we cared about our employers in Santee, we would care about their worker's welfare, productivity and health rather than chasing morally compromised jobs that enable poor choices.

### **4. Cannabis is bad and we shouldn't have it in our city. However, if we must have it, we should regulate it and keep it 1000 feet away from our schools.**

This argument is a lot like saying to your wife, “Please don’t cheat on me. Please remember our wedding vows. Please be faithful. . . But, if you do choose to cheat, try and be discreet.” Where is the moral high ground in that statement? It is abandoned, and on fire!

Those who want to regulate legal dispensaries, so that they can be “safer”, are already abandoning the moral high ground. Once it is sacrificed, the consumer sees little difference between supporting a city “legal” dispensary or a city “illegal” dispensary. For example, opioid’s are Federally and State legal in this country. But, last year over 87,000 opioid overdoses occurred. The takeaway: once the government puts the stamp of approval on an activity like drug sales, there is no stigma to deter the use and abuse of it. Drug sales, and the addiction associated with them, proliferate.

**5. If we don’t pass a friendly version of cannabis legalization, then some citizen initiative will be forced on us and the law could be even worse.**

Giving up the fight, before it is even begun is a prescription for defeat. Given the level of support for keeping Santee cannabis free, I think we would win in a citywide referendum over this issue. To assure this outcome, we need to hold the line and bring reinforcements to the contest. We need to keep the moral high ground and bring more voters to our hill.

The defeatist mentality will prove correct if the moral majority chooses to stay home and ignore these city workshops. Edmund Burke was credited with the statement, “All that is necessary for evil to win, is for good people . . . to do nothing.” Updated to today’s scenario, he would say, “All that is necessary for immorality to win, is for the moral majority . . . to stay home and watch TV.”

At our last cannabis workshop on August 11<sup>th</sup>, about 40 people showed up to unanimously advocate against cannabis dispensary legalization. Evidently, this wasn’t enough to convince the Santee city council that the moral majority could prevail against a potential citizen’s referendum. So, we need more support! More good people. More good speakers. More stories of personal tragedy associated with drivers under the influence. More sobering firsthand accounts of unemployed demotivated kids living in their parent’s garage, sacrificing their future as they smoke joints and play video games. More accounts of crime, drug addiction, broken marriages and fentanyl-laced drug overdoses.

Bring this article to your pastor or priest. Enlist the churches in fighting for our communities. It is easier to fight now against cannabis legalization, than to deal with the negative effects on our families, congregations and communities should we fail to act.

**Another cannabis workshop is scheduled for October 13 at 6:30 p.m. at Santee City Hall at 10601 Magnolia Ave.** To confirm this issue is still scheduled on the [agenda](#), (See [cannabisAgenda.pdf](#)) the updated agenda will be posted on Friday, October 8, at the following website. <https://www.cityofsanteeca.gov/government/departments/city-clerk/council-meeting-agendas-minutes/current-past-council-agendas-minutes>.

Coming in person is far more effective. If you can’t make it in person, here are some emails for the City Councilmembers should you decide to register your opinion: Mayor John Minto, [Jminto@cityofsanteeca.gov](mailto:Jminto@cityofsanteeca.gov); Vice Mayor Rob McNelis, [rmcnelis@cityofsanteeca.gov](mailto:rmcnelis@cityofsanteeca.gov); Laura



Koval, [lkoval@cityofsanteeca.gov](mailto:lkoval@cityofsanteeca.gov); Ronn Hall, [rhall@cityofsanteeca.gov](mailto:rhall@cityofsanteeca.gov); Dustin Trotter, [dtrotter@cityofsanteeca.gov](mailto:dtrotter@cityofsanteeca.gov)

If you want to keep Santee cannabis free, then please come and show your support. If you love Santee the way that it is, please come and demonstrate that commitment. If you want to be a positive moral example for others, this is the opportunity to demonstrate it.

If you are on the other side of the issue, I hear “The Voice” on NBC is particularly good that night.

*Erik Wiese is the President of Wiese & Associates, A Commercial Real Estate Broker.*

*The opinions in this reader’s editorial reflect the views of the author and do not necessarily reflect the views of East County Magazine. To submit an editorial for consideration, contact [editor@eastcountymagazine.org](mailto:editor@eastcountymagazine.org).*

**Source URL (modified on 09/26/2021 - 17:58):** <https://www.eastcountymagazine.org/reader%E2%80%99s-editorial-santee-city-council-considering-legalizing-marijuana-voice-your-concerns-next>

**From:** [REDACTED]  
**To:** [John Minto](#); [Ronn Hall](#); [Laura Koval](#); [Dustin Trotter](#); [REDACTED]; [REDACTED]; [Annette Ortiz](#); [Marlene Best](#)  
**Cc:** [editor@eastcountymagazine.org](mailto:editor@eastcountymagazine.org); [REDACTED]; [John Garlow](#); [mediarelations@sdsheriff.org](mailto:mediarelations@sdsheriff.org)  
**Subject:** Oppose Cannabis Shops in Santee - October 13th Workshop  
**Date:** Saturday, October 9, 2021 12:39:34 PM

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Dear Mayor Minto, City Council, City Clerk.

I am not able to attend the October 13, 2021 workshop on Cannabis, please place my opposition on public record.

I am in opposition of permitting cannabis shops to operate in Santee. The marijuana sold today is not found in nature, it has been modified from the 1970's/1980's version that you grew up with. Reports show that pot in the 1970s had THC levels of around 1%. However, today, marijuana averages 6-10%. Some specially grown plants can contain THC levels as [high as 51%](#). Marijuana extracts can contain 90% THC.

According to many medical studies, published by Universities, Medical Journals and Psychiatric publications, there is a strong correlation between cannabis consumption and a variety of psychiatric conditions, including cannabis-induced psychosis (CIP). A simple search on the internet will produce volumes of studies from legitimate medical entities.

The Rocky Mountain High Intensity Drug Trafficking Area (RMHIDTA) program has published annual reports every year since 2013 tracking the impact of legalizing recreational marijuana in Colorado.

- Since recreational marijuana was legalized, traffic deaths in which drivers tested positive for marijuana increased 109 percent while all Colorado traffic deaths increased 31 percent.
- **Since recreational marijuana was legalized, traffic deaths involving drivers who tested positive for marijuana more than doubled from 55 in 2013 to 115 people killed in 2018.**
- This equates to one person killed every 3 days in 2018 compared to one person killed every 6½ days in 2013.
- Since recreational marijuana was legalized, the percentage of all Colorado traffic deaths that were marijuana-related increased from 15 percent in 2013 to 23 percent in 2018.

We should not make it easier or promote access to a drug that has little recreational use benefit. Cannabis can be bought in other communities, we do not need to permit shops in Santee. **In regards to tax revenue, the coffers of Santee could not be made full enough to cover the traffic death of one person.**

Anyone who says we need to regulate this before the State mandates shops to be allowed in every city is misled and is spreading misinformation. There is NO state mandate, and there is no need to "get ahead" of the state. The State is not forcing any community to permit cannabis shops, growers or delivery services. This argument is similar to a false flag, creating a decision crisis where there is none.

I urge you to speak to your colleagues in Colorado, meet with Medical Professionals. Do not make this about tax revenue, rather consider how you want our community culture to develop into a constructive and healthy community.

Thank you,  
Eid Fakhouri

**From:** [debbie deluca](#)  
**To:** [REDACTED]  
**Cc:** [Dustin Trotter](#); [Annette Ortiz](#); [REDACTED]; [editor@eastcountymagazine.org](mailto:editor@eastcountymagazine.org); [REDACTED]; [John Garlow](#); [John Minto](#); [Laura Koval](#); [Marlene Best](mailto:Marlene.Best@mediarelations@sdsheriff.org); [mediarelations@sdsheriff.org](mailto:mediarelations@sdsheriff.org); [REDACTED]; [Ronn Hall](#)  
**Subject:** Re: Oppose Cannabis Shops in Santee - October 13th Workshop  
**Date:** Saturday, October 9, 2021 3:24:19 PM

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I would like to add to this email-We have lived in Santee 38 years. This has always been a wonderful family community and we are asking you to continue protecting. our families, children and grandchildren from this kind of harmful business coming into Santee.

Thank you,

Silvester and Debbie Deluca.

On Sat, Oct 9, 2021 at 12:39 PM [REDACTED] wrote:

Dear Mayor Minto, City Council, City Clerk.

I am not able to attend the October 13, 2021 workshop on Cannabis, please place my opposition on public record.

I am in opposition of permitting cannabis shops to operate in Santee. The marijuana sold today is not found in nature, it has been modified from the 1970's/1980's version that you grew up with. Reports show that pot in the 1970s had THC levels of around 1%. However, today, marijuana averages 6-10%. Some specially grown plants can contain THC levels as [high as 51%](#). Marijuana extracts can contain 90% THC. According to many medical studies, published by Universities, Medical Journals and Psychiatric publications, there is a strong correlation between cannabis consumption and a variety of psychiatric conditions, including cannabis-induced psychosis (CIP). A simple search on the internet will produce volumes of studies from legitimate medical entities.

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benefit. Cannabis can be bought in other communities, we do not need to permit shops in Santee. **In regards to tax revenue, the coffers of Santee could not be made full enough to cover the traffic death of one person.**

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I urge you to speak to your colleagues in Colorado, meet with Medical Professionals. Do not make this about tax revenue, rather consider how you want our community culture to develop into a constructive and healthy community.

Thank you,  
Eid Fakhouri

--

**God Bless! Love Debbie**

**From:** [Gary Lawton](#)  
**To:** [John Minto](#); [Rob McNelis](#); [Laura Koval](#); [Ronn Hall](#); [Dustin Trotter](#)  
**Subject:** Cannibas Shops in Santee  
**Date:** Monday, October 11, 2021 11:42:44 AM

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Dear Mr Mayor and City Council,

As the Pastor of Calvary Chapel in Santee, I would like to add my voice of opposition to the possibility of permitting Marijuana shops to open in Santee.

The use of Cannibas does not benefit any community, we should not make it easier or promote access to a drug that has will only degrade the well being of it's citizens, family and at risk population. Cannabis can be bought in other communities, we do not need to permit shops in Santee.

Further, those communities that have embraced it have seen a radical increase in traffic deaths, crime, suicides and increased dug activity.

These are not things we want to encourage in our city in the name of being progressive, any benefits in taxes or jobs are not worth the further degradation of our moral fabric or struggling families and youth. There is no compelling reason to move in this direction.

I cheer the City Council members, in that you have maintained a common sense, discerning oversight of those things that actually make Santee the good place to live that it is.

As Always, You have the prayers of a grateful Congregation.

Pastor Gary Lawton

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October 13, 2021

City of Santee  
City Council  
10601 Magnolia Ave.  
Santee, CA 92071

**VIA EMAIL ONLY**

**RE: October 13, 2021 City Council Meeting  
Public Comment: Item No. 10 – Cannabis Workshop No. 3**

To Mayor Minto and the City Council of Santee:

Austin Legal Group submits this public comment on behalf of our client, an interested commercial cannabis applicant, and as an expert in the commercial cannabis industry, with respect to the City's "Cannabis Workshop No. 3" discussion item set to be heard in front of City Council on Wednesday, October 13, 2021. As a future Santee cannabis stakeholder, our client would like to: (1) commend the City's hard work and efforts in pursuing a commercial cannabis program; (2) provide insight with respect to the benefits of permitting multiple cannabis activity types; and (3) provide insight with respect to sustainable zoning and distance requirements for commercial cannabis businesses.

### **DISCUSSION**

#### **1. A Local Commercial Cannabis Program Would Greatly Benefit The City Of Santee.**

Our client strongly supports the City's efforts in pursuing a commercial cannabis program. In November 2016, the City of Santee demonstrated a majority approval and acceptance of commercial cannabis through its local Proposition 64 results.<sup>1</sup> Our client appreciates and commends the City's efforts in supporting the voters' wants and intentions.

Commercial cannabis programs provide several benefits to the local community it serves. Recreational cannabis sales generate significant tax revenue. A higher tax revenue means greater funds for all City needs, including schools, public improvements, small business assistance, COVID-related resources, and more. Further, several neighboring jurisdictions have developed, or

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<sup>1</sup> Vasquez, V. *Proposition 64 Analysis of San Diego County*, Table 1: Proposition 64 Vote by Municipality <http://www.trbas.com/media/media/acrobat/2017-01/69990950059060-26095921.pdf>.

are developing, their own commercial cannabis programs, including the City of San Diego, County of San Diego, City of La Mesa, City of Lemon Grove, City of Vista, City of Chula Vista and City of Encinitas. Without a commercial cannabis program of its own, Santee residents are forced to shop for their cannabis retail needs elsewhere ultimately redistributing Santee money to outside jurisdictions. This is also true of Santee business owners and entrepreneurs that have invested in or partnered with outside commercial cannabis businesses as they wait for the City to develop its own program.

In light of the foregoing, our client supports the City in developing its own commercial cannabis programs, and we look forward to assisting the City any way we can during this process.

## **2. The City's Commercial Cannabis Program Should Permit All Lawful Commercial Cannabis Business Activities.**

Each cannabis activity type plays a vital role in the commercial cannabis industry. We recommend the City's commercial cannabis program allow for all commercial cannabis business activities, including: retail, manufacturing, cultivation, distributions, microbusinesses, and testing laboratories. On August 11, 2021, City Council directed staff to evaluate retail stores, testing laboratories, and microbusinesses, while unofficially tabling manufacturing, cultivation, and distribution operations.

Allowing certain activities within the City, while prohibiting others, will result in an unbalanced marketplace. Santee cannabis retailers will have no choice but to reallocate locally-based revenue towards its engagement with non-local manufacturers, cultivators, and distributors for its market needs. In light of the foregoing, we respectfully recommend the City Council to reconsider other cannabis business types when discussing and establishing Santee's commercial cannabis program.

## **3. Cannabis Businesses Should Operate Within Zones That Support Similar Business Types.**

We recommend the City allow its cannabis businesses to operate within zones that support similar business types. For example, (1) allow cannabis retail stores to operate in commercial zones, such as the City's General Commercial (GC) zone that allows for a wide range of retail and commercial service activities<sup>2</sup> and certain areas of the Town Center District (TC) that allows for commercial uses<sup>3</sup>; and (2) allow cannabis cultivation, manufacturing, and distribution facilities to operate in the City's industrial and manufacturing zones, including the City's Light Industrial (IL) and General Industrial (IG) zones.<sup>4</sup>

Structuring the City's cannabis regulations in this way has proven most effective. This is because the overall development needs of cannabis businesses are not different from non-cannabis businesses. Cannabis retailers require storefront visibility, parking availability, and easy access from major public roads to operate successfully, while cannabis manufacturers can operate

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<sup>2</sup> Santee Municipal Code Chapter 13.12 of the Zoning Title.

<sup>3</sup> Santee Municipal Code Chapter 13.18 of the Zoning Title.

<sup>4</sup> Santee Municipal Code Chapter 13.14 of the Zoning Title.



successfully with limited community visibility, reduced parking, and at a distant from major thoroughfares. When a local jurisdiction limits cannabis retail stores to industrial zones, the businesses inevitably experience major challenges in attracting customers and ultimately producing revenue.

In light of the foregoing, we respectfully recommend the City move forward with creating a regulatory scheme to allow cannabis businesses to operate within zones that support similar business types in order to support a sustainable cannabis business marketplace.


#### **4. Sensitive Use Requirements Should Mimic The State's Requirements.**

While municipalities have the discretion to set distance restrictions from sensitive uses greater than what has been provided by the state, our recommendation, based on a survey of other California jurisdictions, is that the City follow the State's sensitive use separation requirements for cannabis businesses. The State requires that all cannabis businesses not locate within a 600-foot radius of a public or private K-12 school, day care center, or youth center.<sup>5</sup> The State has worked diligently to establish these standards through the balance of public health and safety and a sustainable commercial cannabis industry. In mirroring the State's regulations, Santee will create a transparent and effective program which promotes the growth of its cannabis industry while protecting the public health and safety of its residents.

#### **CONCLUSION**

In light of the foregoing, our client respectfully requests City Council (1) support the City's efforts in developing a commercial cannabis program; (2) provide direction to City Staff to develop a cannabis program that allows multiple different cannabis business types; (3) provide direction to City Staff to develop a cannabis program that allows cannabis businesses to operate in zones that support similar business types; and (4) provide direction to City Staff to develop a cannabis program that mirrors the State's sensitive use requirements.

Sincerely,  
AUSTIN LEGAL GROUP, APC

  
Gina M. Austin, Esq.

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<sup>5</sup> Bus. & Prof. Code, § 26054(b).

From: [REDACTED]  
To: [Clerk Info](#)  
Subject: RGENT: Please forward my comments to the mayor and city council members regarding the marijuana ordinance  
Date: Wednesday, October 13, 2021 2:37:29 PM

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Good evening, my name is Becky Rapp, I'm a mother and public health educator. An article in the Union Tribune caught my eye when I read the headline, "San Diego police ask for public's help to fight disturbing surge in violent crimes." SDPD stated that gang-related shootings have increased 129% since January. This is staggering when considering this incredible spike is calculated over just the last 6 months.

San Diego Police Chief told the San Diego Union Tribune "Whether it's gang violence or family violence, it just seems like people are willing to go from zero to a hundred for no darn reason."

It's been proven that marijuana can and will increase the likelihood of violent behaviors. Going from zero to 100 for no darn reason is just one of the adverse effects of heavy marijuana use. It's been proven that Marijuana use causes violent behavior through increased aggressiveness, paranoia, and personality changes. The marijuana being sold today with THC levels upwards of 90% are only compounding the issue.

Many cities in our state and around the country are seeing this same surge in violent crimes. It's important to note that legalization and normalization of recreational marijuana use promoted in other cities like Seattle, Portland and Denver are having the same negative effects.

Today I ask you to consider directing staff and law enforcement to evaluate and determine the correlation between violent crimes and marijuana misuse. As you recognize this correlation, I would highly recommend taking the proper steps in limiting marijuana sales and prohibit advertising in the forthcoming ordinance. Advertising only decreases young people's perception of harm leading them to a lifetime of marijuana use. Marijuana use that will inevitably lead to violence and mental health issues.

Thank you

**From:** [REDACTED]  
**To:** [Clerk Info; cityclerk@cityofsantee.ca.gov](mailto:cityclerk@cityofsantee.ca.gov); [John Minto](#); [Rob McNelis](#); [Ronn Hall](#); [Laura Koval](#); [Dustin Trotter](#)  
**Subject:** SANTEE CITY COUNCIL MEETING, OCTOBER 13, 2021 - ITEM 10  
**Date:** Wednesday, October 13, 2021 2:36:10 PM

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Good Afternoon,

First of all, I really appreciate both your service and desire to understand how much a clean, safe and healthy Santee means to us. As a mother and grandmother I am writing to you to voice my concerns about the city's possible adoption of a marijuana ordinance.

I wanted to share with you what the City of San Diego is seeing as it deals with marijuana businesses there so that Santee does not make the same mistake.

The number of Marijuana impaired drivers has increased, as reported in the San Diego City Attorney press release.

Hash oil manufacturing causes explosions every couple of months in SD which has caused death, injuries, damaged and destroyed properties, displacement of residents including children, and diminished air quality, as reported in San Diego Union Tribune articles.

Nuisance to residential neighborhoods and small businesses when odor of product from small personal grows, and large cultivation sites, permeates homes and neighborhoods, as reported in public comment at the City Council meetings.

Child poisonings are occurring in the home, or at schools when drugs or edibles are taken to school, increasing hospitalizations, as reported in San Diego medical community workshop.

High THC concentrates precipitates mental health crises, hallucinations

and paranoia, sometimes leading to violence and suicide, as reported at a mental health advisory board.

Rampant advertising and billboards in the most vulnerable neighborhoods, as reported in San Diego's Planning Groups.

Worsening lung health among citizens, asthma increased especially among children, and susceptibility to lung diseases because of increased smoking and vaping behaviors, as reported by American Lung.

This is local real time data and needs to be part of Santee's consideration to ban marijuana businesses in the city. Please consider the cost to youth and their families as well as the impact on neighborhoods that is caused by marijuana businesses.

**From:** [Peggy Walker](#)  
**To:** [John Minto](#)  
**Subject:** Re: Agenda Item: Cannabis Workshop 3  
**Date:** Wednesday, October 13, 2021 3:15:46 PM

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## Re: Agenda Item: Cannabis Workshop 3, Santee City Council Meeting 10/13/2021

Dear Mayor Minto:

Ever see or hear a person with Cannabis Use Disorder (CUD) in an ER? You can tell who they are by their uncontrollable retching and screaming. As many as 30 on average overcrowd San Diego County ERs and hospitals daily. Some exhibit violent behavior and have to be restrained. Some experience hallucinations, paranoia and schizophrenia. Some have attacked family members or others violently; others attempt suicide.

Many require extensive diagnostic lab work and testing at significant cost -- not to mention taking up space needed by other ER patients. Diagnosis and initial care can range from \$5,000 to as high as \$750,000 per patient; many are uninsured. Doctors dealing with this situation for a longer period of time in Colorado say marijuana patients cost at least one hospital half a billion dollars over a five-year period.

As a public health educator, not a day goes by that I don't see another science-based study reporting the harmful effects of MJ ranging from CUD to respiratory and pulmonary disease to paranoia, schizophrenia and violence. Children and adults have died from edible ingestion. Carcinogenic combustion from THC products accelerates head and neck cancer growth. Adults users under 45 are at double the risk for heart attack. Did you know cannabis alters male sperm DNA and is linked to autism? Smoking joints and vaping produce triple the pollution of tobacco.

That's only a beginning. Another problem is, California produces around 8 times more weed than it uses, contributing to black market sales. Yet the number of pot businesses continues to increase. Now we see large "wholesale" distributors coming on board -- there's one in Chula Vista -- that will deliver anywhere, anytime, on a regular schedule and you can set up a charge account, superseding smaller businesses and there's no accountability for who's at the receiving end; could well be minors. WHY do we need MORE businesses dealing in weed when we have more than we use and so much science-based evidence evolving daily pointing to harmful effects? And, so much research yet to be done? No standard dosages, evidence-based instructions, or warning labels re the dangers of mixing marijuana with prescription drugs. There's little evidence to show realistic return in tax revenues from marijuana businesses that even begin to address the societal costs. There's alarmingly little regulation or accountability, nor assurances of safety and purity of product.

Please don't burden this city and its residents with more weed that we don't want and can only serve to normalize its use. Don't establish an ordinance. Stop the process now.

*Regards,*  
*Peggy Walker*

**From:** [Kathleen Lippitt](#)  
**To:** [City Clerk](#); [John Minto](#); [Ronn Hall](#); [Dustin Trotter](#)  
**Subject:** Documents for Item 10 - Santee City Council 10.13.2021  
**Date:** Wednesday, October 13, 2021 4:45:06 PM  
**Attachments:** [Big Marijuana Claims - v reality.docx](#)  
[GAL Cannabis Final - Cannabis Cronyism - February 2021.pdf](#)  
[Handout - NTS -Motor Vehicle Deaths in 2020 Estimated Highest in 13 Years.docx](#)  
[HdL - CONCERNS WITH CANNABIS CONSULTING FIRMS LIKE HdL.docx](#)  
[IASIC - International Academy on the Science and Impact of Cannabis.docx](#)  
[IASIC1.ORG - News event - 05.20.2021 - notes.docx](#)  
[Prop 64 - bait and switch - ca legislatures amended, expanded, manipulated, created changes.docx](#)  
[SANTEE CC, Jul 14, 2021 – COMMENT.docx](#)  
[The Money in Marijuana.docx](#)

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Dear Mayor and City Council Members,

I am a public health practitioner, educator, sound drug policy and community advocate. Along with my colleagues; teachers, nurses, researchers, parents and non profit organizations, I have worked to protect youth from the initiation, use, and abuse of drugs that are harmful to them.

I thank you for the opportunity to share my views about inviting a commercial marijuana industry into your city in general and utilizing the services of a cannabis consulting firm such as HdL in particular. While decriminalizing marijuana is a policy we nearly all support, the promises of legalization to eliminate the black market, protect youth and support social justice goals have all been broken. Instead legalization has fueled the black market and resulted in epidemic levels of youth use. Predatory commercial marijuana lawyers and profiteers have pressured, bullied, intimidated and ultimately displaced sensitive uses, youth oriented facilities, and community friendly businesses. Many political electeds have become partners with marijuana industry advocates sharing a common goal of ensuring their ability to continue to profit and increase the availability, access, and use of marijuana. The public can no longer depend on their public elected to prioritize public health and safety over the for-profit interests of the marijuana industry due to industry lobbying and financial influence.

### Conclusion

Permitting commercial marijuana businesses prioritizes profit over public health. It would empower cartels, encourages the proliferation and promotion of increasing potent products that appeal to youth. The public has been education by the marijuana industry in the absence of public health messaging from our San Diego County Public Health Department, thereby emboldening marijuana businesses to persist in making misleading claims about the supposed health benefits of their products.

Respectfully,

Kathleen Lippitt, MPH  
Public Health Practitioner and Public Policy Advocate

Coastal Communities Drug Free Coalition

Email: [REDACTED]

Cell: [REDACTED]

### Examples of the Harmful Effects of Marijuana Legalization

- 1 in 6 marijuana users who start young will become addicted to marijuana.
- Recreational marijuana commercialization is associated with a 67% to 77% increase in calls to poison control centers for marijuana exposures relative to pre-legalization. The increase associated with commercialization was higher among minors than adults.
- The existing science, mostly conducted on lower potency marijuana than what is being widely used today, already clearly indicates that marijuana is addictive, harmful to the developing brain, can cause significant mental and physical health issues, impairs driving ability and causes increased fatal car accidents.
- The American Automobile Association (AAA) found that 18% of drivers in Washington state tested positive for THC after a fatal crash between 2013 and 2017, compared to just 8.8% from 2008 to 2012. Additionally, 14.8 million drivers report driving within 1 hour after using marijuana in the last 30 days.
- Driving under the influence of marijuana is associated with a 110% increase in fatal crashes.
- People who used marijuana heavily in their teens and continued through adulthood saw a permanent 8-point drop in IQ.
- Studies show that teenagers who use marijuana weekly or daily have a 159% greater risk of recurrent psychotic-like experiences.
- Chronic marijuana use reduces dopamine release in the brain, causing depression, poor memory, inattention and impaired learning performance.
- A Dutch study found that students who used marijuana had worse grades than those who did not. Students who did not use marijuana were 5.4% more likely to pass a class. This effect was 3.5 times larger for courses requiring math or quantitative thinking.
  - College students with high levels (17 days/month) of marijuana use were twice as likely as those with minimal use (less than 1 day/month) to have an enrollment gap while in college (e.g., drop out or not graduate on time).
- Marijuana use increases workplace injuries, accidents, disciplinary problems and absenteeism.
- Marijuana is the most common substance present in suicides among adolescents

aged 10-19.

- Research also shows that marijuana policy changes affect youth use and consumption rates. Past-month marijuana use among 12-17-year-olds is 54.5% higher in states where marijuana is “legal” than for youth aged 12-17 in “non-legal” states.



# Big Marijuana Claims

Legalization is about getting rid of the “War on Drugs”

Marijuana is not addictive.

Marijuana MIGHT be psychologically addictive, but its addiction doesn’t produce physical symptoms.

Lots of smart, successful people have smoked marijuana. It doesn’t make you dumb.

# Scientific Facts

Legalization is about one thing: making a small number of business people rich. If it were about ending the War on Drugs, recent law changes would be limited to decriminalization. Rather, a host of business interests are getting involved with the legal marijuana trade in Colorado and elsewhere. They have set up private equity firms and fundraising organizations to attract investors and promote items such as marijuana food items, oils, and other products. We also know these industries target the poor and disenfranchised[i] – and we can expect the marijuana industry to do the same in order to increase profits.

Science has proven – and all major scientific and medical organizations agree – that marijuana is both addictive and harmful to the human brain, especially when used as an adolescent. One in every six 16 year-olds (and one in every eleven adults) who try marijuana will become addicted to it.[ii]

To your brain, addiction is addiction. Different addictions have different *symptoms*, but whether its food, sex, marijuana, or heroin – your brain knows it wants more of that feeling of pleasure. Just as with alcohol and tobacco, most chronic marijuana users who attempt to stop “cold turkey” will experience an array of withdrawal symptoms such as irritability, restlessness, anxiety, depression, insomnia, and/or cravings.[iii] This signals that marijuana can be addictive. Science has shown that 1 in 6 kids who ever try marijuana, according to the National Institutes of Health, will become addicted to the drug. Today’s marijuana is not your “Woodstock weed” – it can be 5-10 times stronger than marijuana of the past.[iv]

Just because some smart people have done some dumb things, it doesn’t mean that everyone gets away with it. In fact, research shows that adolescents who smoke marijuana once a week over a two-year period are almost six times more likely than nonsmokers to drop out of school and over three times less likely to enter college.[v] In a study of over 1,000 people in 2012, scientists found that using marijuana regularly before the age of 18 resulted in an average IQ of six to eight fewer points at age 38 versus to those who did not use the drug before

No one goes to treatment for marijuana addiction.

Marijuana can't kill or hurt you.

Marijuana does not affect the workplace.

Marijuana simply makes you happier over the long term.

Marijuana users are clogging our prisons.

Marijuana is medicine.

18.[\[vi\]](#) These results still held for those who used regularly as teens, but stopped after 18. Researchers controlled for alcohol and other drug use as well in this study. So yes, some people may get away with using it, but not everyone.

More young people are in treatment for marijuana abuse or dependence than for the use of alcohol and all other drugs.[\[vii\]](#)

Marijuana may not produce direct overdoses, but tobacco rarely, if ever, does either. But we would not say tobacco can't kill or hurt you, and we would not say marijuana cannot do these things either. Emergency room admissions for marijuana use now exceed those for heroin and are continuing to rise.[\[viii\]](#) The link between suicide and marijuana is strong, as are car accidents – too many of which result in death.

Marijuana use impairs the ability to function effectively and safely on the job and increases work-related absences, tardiness, accidents, compensation claims, and job turnover.[\[ix\]](#)

Regular marijuana use is associated with lower satisfaction with intimate romantic relationships, work, family, friends, leisure pursuits, and life in general.[\[x\]](#)

We shouldn't give marijuana users criminal records nor deprive them of a second chance, but it's far from the truth to say they are clogging our prisons. A survey by the Bureau of Justice Statistics showed that 0.7% of all state inmates were behind bars for marijuana possession only (with many of them pleading down from more serious crimes). In total, one tenth of one percent (0.1 percent) of all state prisoners were marijuana-possession offenders with no prior sentences. Other independent research has shown that the risk of arrest for each "joint," or marijuana cigarette, smoked is about 1 arrest for every 12,000 joints.[\[xi\]](#)

Marijuana may contain medical components, like opium does. But we don't smoke opium to get the effects of morphine. Similarly we don't need to smoke marijuana to get its potential medical benefit.[\[xii\]](#) We need more research.

The sick and dying need medical marijuana programs to stay alive.

Research shows that very few of those seeking a recommendation for medical marijuana have cancer, HIV/AIDS, glaucoma, or multiple sclerosis;<sup>[xiii]</sup> and in most states that permits the use of medical marijuana, less than 2-3% of users report having cancer, HIV/AIDS, glaucoma, MS, or other life-threatening diseases.<sup>[xiv]</sup>

Marijuana should be rescheduled to facilitate its medical and legitimate use.

Rescheduling is a source of major confusion. Marijuana meets the technical definition of Schedule I because it is not an individual product with a defined dose. You can't dose anything that is smoked or used in a crude form. However, components of marijuana can be scheduled for medical use, and that research is fully legitimate. That is very different than saying a joint is medicine and should be rescheduled.<sup>[xv]</sup> It is important to note, too, that rescheduling does not generally correspond with criminalization or penalization. So if your target is to reduce penalties for use, focusing on rescheduling is the wrong target.

I smoked marijuana and I am fine, why should I worry about today's kids using it?

Today's marijuana is not your Woodstock Weed. The psychoactive ingredient in marijuana—THC—has increased almost six-fold in average potency during the past thirty years.<sup>[xvi]</sup>

Marijuana doesn't cause lung cancer.

The evidence on lung cancer and marijuana is mixed – just like it was 100 years ago for smoking – but marijuana contains 50% more carcinogens than tobacco smoke<sup>[xvii]</sup> and marijuana smokers report serious symptoms of chronic bronchitis and other respiratory illnesses.<sup>[xviii]</sup> True, there is no definitive evidence right now to claim that marijuana causes lung cancer.

Marijuana is not a "gateway" drug.

We know that most people who use pot WON'T go onto other drugs; but 99% of people who are addicted to other drugs STARTED with alcohol and marijuana.

Marijuana does not cause mental illness.

So, indeed, marijuana use makes addiction to other drugs more likely.<sup>[xix]</sup> Actually, beginning in the 1980s, scientists have uncovered a direct link between marijuana use and mental illness. According to a study published in the *British Medical Journal*, daily use among adolescent girls is associated with a fivefold increase in the risk of depression and anxiety.<sup>[xx]</sup> Youth who begin smoking marijuana at an earlier age are more likely to have an impaired ability to experience normal emotional responses.<sup>[xxi]</sup> The link between marijuana use

and mental health extends beyond anxiety and depression. Marijuana users have a six times higher risk of schizophrenia<sup>[xxii]</sup>, are significantly more likely to development other psychotic illnesses.

Marijuana makes you a better driver, especially when compared to alcohol.

Just because you may go 35 MPH in a 65 MPH zone versus 85 MPH if you are drunk, it does not mean you are driving safely! In fact, marijuana intoxication doubles your risk of a car crash according to the most exhaustive research reviews ever conducted on the subject.<sup>[xxiii]</sup>

Smoking or vaporizing is the only way to get the medical benefits of marijuana.

No modern medicine is smoked. And we already have a pill on the market available to people with the active ingredient of marijuana (THC) in it – Marinol. That is available at pharmacies today. Other drugs are also in development, including Sativex (for MS and cancer pain) and Epidiolex (for epilepsy). Both of these drugs are available today through research programs.<sup>[xxiv]</sup>

Medical marijuana has not increased marijuana use in the general population.

Studies are mixed on this, but it appears that if a state has medical “dispensaries” (stores) and home cultivation, then the potency of marijuana and the use and problems among youth are higher than in states without such programs, according to research by RAND scientists.<sup>[xxv]</sup> This confirms research in 2012 from five epidemiological researchers at Columbia University. Using results from several large national surveys, they concluded, “residents of states with medical marijuana laws had higher odds of marijuana use and marijuana abuse/dependence than residents of states without such laws.<sup>[xxvi]</sup>

Legalization is inevitable – the vast majority of the country wants it, and states keep legalizing in succession.

The increase in support for legalization reflects the tens of millions of dollars poured into the legalization movement over the past 30 years. Legalization is not inevitable and there is evidence to show that support has stalled since 2013. Our currently legal drugs – alcohol and tobacco – provide a good example, since both youth and adults use them far more frequently than illegal drugs. According to recent surveys, alcohol use is used by 52% of Americans and tobacco is used by 27% of Americans, but marijuana is used by only 8% of Americans.<sup>[xxvii]</sup>

Alcohol is legal, why shouldn't marijuana also be legal?

Colorado has been a good experiment in legalization.

We can get tax revenue if we legalize marijuana.

I just want to get high. The government shouldn't be able to tell me that I can't.

Legalization would remove the black market and stop enriching gangs.

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Colorado has already seen problems with this policy. For example, according to the Associated Press: [“Two Denver Deaths Linked to Recreational Marijuana Use”](#). One includes the under-aged college student who jumped to his death after ingesting a marijuana cookie. The number of parents calling the poison-control hotline to report their kids had consumed marijuana has [risen significantly in Colorado](#). Marijuana edibles and marijuana vaporizers have been found in middle and high schools. [\[xxviii\]](#)

With increased use, public health costs will also rise, likely outweighing any tax revenues from legal marijuana. For every dollar gained in alcohol and tobacco taxes, ten dollars are lost in legal, health, social, and regulatory costs. [\[xxix\]](#) And so far in Colorado, tax revenue has fallen short of expectations.

Legalization is not about just “getting high.” By legalizing marijuana, the United States would be ushering in a new, for-profit industry – not different from Big Tobacco. Already, private holding groups and financiers have raised millions of start-up dollars to promote businesses that will sell marijuana and marijuana-related merchandise. Cannabis food and candy is being marketed to children and are already responsible for a growing number of marijuana-related ER visits. [\[xxx\]](#) Edibles with names such as “Ring Pots” and “Pot Tarts” are inspired by favorite candies of children and dessert products such as “Ring Pops” and “Pop Tarts.” Moreover, a large vaporization industry is now emerging and targeting youth, allowing young people and minors to use marijuana more easily in public places without being detected. [\[xxxi\]](#)

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Criminal enterprises do not receive the majority of their funding from marijuana. Furthermore, with legal marijuana taxed and only available to adults, a black market will continue to thrive. The black market and illegal drug dealers will continue to function – and even flourish [\[xxxii\]](#) – under legalization, as people seek cheaper, untaxed marijuana.



GOVERNMENT  
ACCOUNTABILITY  
INSTITUTE

# CANNABIS CRONYISM

FEBRUARY 2021

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## Executive Summary

Cannabis legalization in the United States has come a long way. In 1996, California became the first state to legalize marijuana for medicinal use only. This past November, five more states legalized marijuana, and 47 of the 50 states now allow its recreational or medical use. While governments this Spring were imposing lockdowns and closures of most businesses, churches and schools to combat the COVID-19 epidemic, marijuana dispensaries joined pharmacies and liquor stores as “essential businesses” that must remain open in California.

While he was the first governor to issue a statewide shelter-in-place order, Governor Gavin Newsom of California kept marijuana available. Other states would soon follow: Thirty states in total that issued statewide stay-at-home orders would allow dispensaries of some kind, including recreational, to remain open.<sup>1</sup>

While some claim that cannabis dispensaries were truly as important as pharmacies, which also remained open during statewide lockdowns, other factors may have contributed to this decision. Whatever its medicinal and recreational benefits, cannabis has evolved into a nearly \$21 billion industry that lobbies, pressures, and rewards politicians who look out for it.<sup>2</sup>

In August 2019, the FBI announced it was investigating public corruption in the cannabis industry through pay-to-play bribery schemes. This announcement came at a time when the debate in the United States over the pros and cons of legalizing pot had mostly concluded. Officials in many states have routinely ignored federal laws prohibiting the use of marijuana, effectively giving regulatory authority over marijuana to individual states.

There are now far more states where marijuana is fully legal than where it is illegal. Twelve states have decided through referendum, and two states through legislative action, to legalize recreational use of marijuana. Just three states – Nebraska, Kansas, and Idaho – still prohibit any use of marijuana, while the remaining forty-seven states have opted for legalization in some form.

With this new authority, state officials must now create specific regulations. Where states have approved legal marijuana, politicians must make licensing rules for detailing which businesses may distribute such products, and who may purchase them. As with any new market, laws and regulations inevitably will pick the winners and losers in this emerging industry, whose value may be as high as \$35 billion by 2025.<sup>3</sup>

As with any economic activity regulated by the government, affected businesses seek an advantage by hiring insiders who have access to those close to the regulatory process. They also make campaign contributions to well-positioned politicians.

And while most cannabis-related regulatory and legislative action is happening at the state level, some national level political figures have leveraged their positions to make money from cannabis legalization.

For example, in 2017, Paul Pelosi Jr., the son of House Speaker Nancy Pelosi, was named Chairman of the Board of Directors of Freedom Leaf, Inc., a consulting firm advising the budding marijuana industry.<sup>4</sup> The following year, the company entered the CBD distribution business, while Pelosi purchased more than \$100,000 in company stock.<sup>5</sup>



Former Republican Speaker of the House John Boehner, who staunchly opposed legalizing marijuana in Congress, is now bullish on the industry. “This is one of the most exciting opportunities you’ll ever be part of,” he says in a video announcing his new National Institute for Cannabis Investors. “Frankly, we can help you make a potential fortune.”<sup>6</sup> Boehner stands to earn an estimated \$20 million if his group succeeds in persuading the federal government to legitimize marijuana.<sup>7</sup>

Still, for now, the states are where most of the action on marijuana distribution is found, and where the greatest threat of political corruption exists. The Government Accountability Institute (GAI), whose mission is to expose cronyism, reviewed the process related to legalizing marijuana in seven states. For each state we reviewed, GAI focused on identifying the relationships between policy decisions that benefited advocates of marijuana legalization and the transfer of money and other benefits from marijuana-related businesses and lobbyists to elected officials.

While each state possessed a unique set of circumstances related to legalizing marijuana, our research found striking similarities in how cronyism in these states occurred. For example, in several states, elected officials and government employees made decisions that ultimately benefited them financially. Also, in several instances, campaign contributions were timed around important shifts in policy.

GAI analyzed original documents that included lobbying records, campaign donations, FBI subpoenas, FBI indictments, meeting minutes and videos, and various administrative rulings issued by state officials. GAI also reviewed press accounts of the legalization process. Our research found the following:

- **New York** Governor Andrew Cuomo, who once scorned marijuana as a “gateway” drug, changed his position and supported the full legalization of marijuana after appointing advisors, including his chief of staff, who had a financial interest in legalizing marijuana, and after receiving significant campaign contributions from marijuana-related businesses.
- In **California**, the FBI is investigating Lev Parnas and Igor Fruman over allegations they were conspiring to funnel foreign contributions into political campaigns to influence decisions related to marijuana licensure.
- In **Florida**, Ballard Partners, a Florida-based lobbying firm once called “the most powerful lobbyist in Trump’s Washington” is tied to two separate FBI inquiries connected to Florida’s cannabis industry. The firm was subpoenaed by prosecutors from the Southern District of New York who are investigating the illegal foreign money donor scheme.<sup>8</sup>
- Shortly after her 2018 election as **Florida’s** Agriculture Commissioner, Nikki Fried reported a \$1 million increase in her net wealth, thanks in part to a gift from the CEO of a marijuana company that was awarded a license under a new Florida law who she was romantically involved with.
- In **Illinois**, recently elected Governor J.B. Pritzker pushed quickly for legalizing recreational marijuana use, which benefitted his cousin, Joby Pritzker. Joby Pritzker was credited by advocates of the legislation with helping write the bill. He also had a financial interest in PAX Labs, Inc., which sells cannabis vaporizers. In May 2018, before recreational use was legal, PAX

Labs sold cannabis vaporizers in approximately fifty locations across Illinois through third-party vendors. As of 2020, based on the company's website, that number is now over 120.

- Several **Illinois** elected officials who supported a change in the law that would yield an additional \$100-\$400 million in marijuana sales received approximately \$1 million in campaign contributions from Stephen and Mary Jo Schuler. The Schulers were investors in PharmaCann, one of Illinois largest marijuana businesses. The change to the law was a windfall for PharmaCann and other businesses, by allowing access to medical marijuana for people who had previously been prescribed opioids.
- In **Maryland**, Governor Larry Hogan demanded a state delegate resign over financial ties to a cannabis business that was seeking a license. Our research shows that Governor Hogan had his own connections to cannabis companies seeking licenses in Maryland.
- In **Missouri**, the FBI arrived in Jefferson City just after a medical marijuana law was passed. Agents remained visible throughout the licensing and implementation of the new law under Governor Mike Parson. The FBI was watching a legislator-turned-lobbyist named Steven Tilley. Tilley, who was so well known as the master of legally converting unspent campaign funds to personal benefit that the practice is called the "Tilley Shuffle," was a confidant of Governor Parson, who created and implemented the marijuana licensing process.
- In the state of **Washington**, a judge awarded a resident \$192,000 in restitution after finding the state's licensing board repeatedly violated open meeting laws related to the implementation of cannabis legislation.
- Over the last five years, the FBI was engaged in criminal investigations related to legalizing marijuana in at least four of the seven states we reviewed. These states include **California, Missouri, Florida, and New York**.

# The California Story

## *Sacramento Snapshot*

### Introduction

California became the first state to legalize medical marijuana in 1996 under the Compassionate Use Act, allowing, “Qualified patients and approved caregivers to possess and cultivate medical cannabis.”<sup>9</sup>

Recreational use was voted in twenty years later (2016) under the Adult Use of Marijuana Act. On January 1, 2018, legal sales of recreational cannabis were open to customers in California.<sup>10</sup>

By early 2020, there were more than 7,500 active cannabis licenses in California, including 910 retail dispensaries.<sup>11</sup>

With about \$3.3 billion in legal cannabis and related products sales in 2019, California’s legal recreational and medicinal cannabis industry is not only “the biggest government-sanctioned market in the nation,” but also the “biggest legal marijuana market in the world,” easily outpacing nations such as Canada, Germany, and the Netherlands.<sup>12</sup>

However, the reach of the unregulated market remains a major concern as estimates have revealed about \$8.7 billion in black market sales. Thus, taking legal and illegal sales into account, the California market sold a whopping \$12.0 billion in cannabis and related products in 2019.<sup>13</sup>

As a result, of this rising demand, individual cannabis permits in the state have sold for as much as \$17 million. While this may seem like a hefty price to pay, and in spite of a federal law that prohibits marijuana-related businesses from gaining access to banking services, there is no shortage of willing investors. Also, the illegal status of marijuana at the federal level has resulted in a “legal limbo,” pitting state versus federal interests. This is not only true in California, but also in other states where marijuana has been legalized.<sup>14</sup> Regardless, evidence suggests that the current California framework allows for increased corruption in a system where “money talks.”

### Statewide Cannabis Cronyism: A General Overview

It is no secret that in recent years many former California bureaucrats and regulators “joined or established financial ties with the multibillion-dollar marijuana industry.” The *Los Angeles Times* recently reported that dozens of former government officials have exited the public sector to work for cannabis companies and the lobbying firms representing them, but the actual number is probably much higher.<sup>15</sup>

On August 15, 2019, the FBI announced that it was “seeing a public corruption threat emerge in the expanding cannabis industry” from individuals seeking to bribe public officials in exchange for retail cannabis licenses. Notably, part of the problem is rooted in California’s dual regulatory structure, which forces cannabis businesses to comply with state *and* local government requirements. With the approval of state cannabis licenses in the hands of city councils, “a conflicting patchwork of local laws” has emerged. Ultimately, with this type of decentralized permitting, “corruption can span from the highest to the lowest level of public officials.”<sup>16</sup> Since then, California has become a focus in the FBI’s investigation. At issue is whether local officials have abused the cannabis regulatory systems that they helped create.

On June 11, 2020, Calexico City officials David Romero and Bruno Suarez Soto pleaded guilty to accepting cash bribes from an undercover FBI agent who they believed represented cannabis investors seeking to enter the Calexico market. In return, “Romero and Soto guaranteed the rapid issuance of a city permit for the dispensary, and to revoke or hinder other applicants if necessary, to ensure that the bribe payer’s application was successful.”<sup>17</sup>

During the last week of October, 2020, an FBI investigation related to the cannabis licensing in the City of Baldwin Park was revealed when officials raided the home of Compton City Councilman Isaac Galvan and the offices of Baldwin Park City Attorney Robert Tafoya. It was reported that several cannabis businesses complained of “questionable business practices, which included paying as much as \$250,000 cash in a brown paper bag to city officials.”<sup>18</sup>

Another prominent example of cannabis market abuse has taken place in the state’s capital, Sacramento. As the government hub for the largest state in the nation, the city has become ground zero for public-private interactions between local/state regulators and the industry. Sacramento has even attracted national headlines because of its connection to a scheme that violated federal election laws.

### **The Rise of the “Cannabis Czar”**

One of the key individuals linked to Sacramento’s cannabis licensing scandal is Joe Devlin, an experienced political consultant who helped shape the policies and standards of the local and state cannabis markets and eventually became Sacramento’s first “Cannabis Czar.”

Devlin had previously served as a legislative director in the California State Legislature and as a consultant to the Assembly’s Speaker. When candidate Jay Schenirer ran for Sacramento’s City Council in 2010, he hired Devlin’s private consulting firm, Santillan & Devlin LLC, to run point on the campaign. Schenirer won the election and hired Devlin to be his Chief of Staff, but Devlin kept his consulting practice on active status.<sup>19</sup>

Notably, Santillan & Devlin provided consulting services for two important 2016 campaigns while Devlin served as Schenirer’s Chief of Staff. The first of these campaigns was when the

former President of the California Senate, Darrell Steinberg, ran for Mayor of Sacramento. The second was to promote Schenirer's "Measure Y" ballot initiative, which sought a tax increase from 4 to 5 percent on marijuana cultivation and manufacturing businesses to fund city youth services.<sup>20</sup>

As a result of these campaigns, Devlin's firm was handsomely rewarded with nearly \$50,000 in campaign expenditures from mayoral candidate Steinberg, and at least \$24,000 from Schenirer's Measure Y initiative.<sup>21</sup>

These payments to Devlin's firm (and to Devlin himself) were quite substantial for local elections. They were afforded by campaign budgets significantly enhanced by donations from companies in the local cannabis industry. From 2014 to 2019, these companies donated at least \$225,000 for local elections, and about 90 percent of that amount went to campaigns for Steinberg (over \$60,000), Schenirer (over \$23,000), and Schenirer's Measure Y cannabis tax (over \$116,000).<sup>22</sup>

As expected, Steinberg was elected Sacramento's mayor in 2016, which placed a pro-cannabis candidate at the head of City Council. Meanwhile, Schenirer won re-election, but his Measure Y initiative failed to acquire the two-thirds vote that it needed to pass.<sup>23</sup>

Then, in 2017, Sacramento's City Council appointed Devlin as Cannabis Czar (officially "Marijuana Policy and Enforcement Manager") in anticipation of the January 2018 launch of legalized recreational cannabis.<sup>24</sup>

The timing of Devlin's appointment raises the question about whether or not he did favors for the cannabis companies that indirectly paid him through their campaign donations.

For those involved in (or familiar with) Sacramento's cannabis scene, Devlin's promotion came as little surprise. As he would reveal during a panel discussion at the 2018 State of Cannabis Conference, Devlin had worked with Sacramento's City Council to establish the first statewide municipal Office of Cannabis Management, which included the "Cannabis Czar" supervisory post that he created for himself. In that role, Devlin was primarily responsible for:

- Determining the cap on the number of recreational dispensary licenses in Sacramento;
- Establishing the terms for obtaining licenses for cannabis cultivation, distribution, manufacturing, etc.; and
- Deciding who would receive the limited number of available licenses.<sup>25</sup>

It appears that Devlin's lofty position as Cannabis Czar was not enough. In spring 2018, he requested and received city manager approval to consult for Conaway Ranch, an industrial hemp organization in the region. Several months later, the *Sacramento News & Review* reported that Devlin may have been "looking for greener pastures months before his departure." His request stated that since hemp is not legally the same as cannabis, it would not

violate the city code “nor would it present any potential moral or ethical conflicts with my current duties.”<sup>26</sup>

As it turns out, Angelo Tsakopoulos, the father of California Lieutenant Governor Eleni Kounalakis, owns most of the ranch and surrounding property. In addition, five days after the approval of Devlin’s consulting assignment, Tsakopoulos’s son registered a company called Nor-Cal Hemp with California’s Secretary of State.<sup>27</sup>

This is significant because, as stated in his 2019 financial disclosure form, Conaway Ranch and Nor-Cal Hemp paid Devlin at least \$10,000 each by the end of May, which is when he was terminated from his Cannabis Czar post. This occurred even though Nor-Cal Hemp was not a registered company when the city manager gave Devlin permission to work for the ranch as a consultant.<sup>28</sup>

### **Sacramento’s Cannabis Cronyism**

Like other California cities, the overall success of Sacramento’s retail cannabis market depends upon the efficiency and transparency of local regulation and enforcement. However, local leaders in this capital city have been unable to implement and enforce cannabis regulations that prevent abuse and encourage ownership diversity.

This regulatory failure is partly the result of arbitrary licensing restrictions, which have transformed permits into valuable market commodities where only the wealthy and established players can compete. The following section highlights one of the challenges that the city is currently facing.

The thirty Sacramento medicinal dispensaries with permits prior to the 2018 arrival of legalized recreational cannabis were the only companies allowed to apply for the new recreational permits. This restriction prompted Sacramento City Councilman Larry Carr to ask a question that no one at City Hall could adequately answer: “The 30 dispensaries that we’ve already licensed,” Carr inquired: “Why does it make sense for us to continue to provide them with a monopoly?”<sup>29</sup>

But rather than addressing the perception that local decisions had, in effect, allowed a small number of players to control the market, Sacramento’s leaders went even further to encourage consolidation. Schenirer crafted a cultivation ordinance that allowed existing dispensary license holders to also apply for cultivation licenses, thereby facilitating a closed-supply circuit for those companies that were already active in the local retail market.<sup>30</sup>

While Sacramento policy states that a public lottery is to be used to assign or transfer new permits, no such lottery has ever been held, and recreational cannabis permit holders were ‘grandfathered in’ from the previous medicinal system.<sup>31</sup> With such a low cap on the number of

dispensary licenses, only a handful of players found themselves commanding a significant market share of *both* the medical and recreational retail markets.

In late 2017, Sacramento allocated \$1 million for a two-year pilot program called Cannabis Opportunity, Reinvestment and Equity (CORE) under the oversight of Devlin's Office of Cannabis Management. This program was designed to help develop cannabis businesses and to "ensure economic equity for disenfranchised groups and those negatively impacted by the nation's drug war." CORE claimed that it would decrease permit fees for minority beneficiaries in response to a "critical demand of the black community that saw a disproportionate number of African American men imprisoned nationwide for possessing and selling marijuana."<sup>32</sup>

However, while the pilot program was still in effect, Devlin was terminated as Sacramento's Cannabis Czar on May 29, 2019 for undisclosed reasons.<sup>33</sup>

It is uncertain how much progress Joe Devlin had made in diversifying the city's cannabis business ownership. One thing is clear: as of October 2019, not a single African American person in Sacramento owned a cannabis dispensary, which is the most lucrative type of business in the industry. Instead, the concentration of wealth in the city's cannabis industry remained in the hands of a select few who "control almost half the city's cannabis storefront shops" and have been allowed to "trade their businesses with ease."<sup>34</sup>

In summary, the thick web of corporate-political interests present in Sacramento's cannabis industry kept newcomers on the outside looking in, despite Devlin's apparent initiatives toward diversification.

### **The Devlin-Cargile Connection**

One of the most influential Sacramento cannabis market participants is Kimberly Cargile. As a longtime player in the local medical cannabis industry, she managed one of the city's first operating dispensaries in 2007 and began operating her own medical cannabis dispensary, A Therapeutic Alternative, in 2009.<sup>35</sup>

A spring 2018 interview with Joe Devlin describes his close relationship with Cargile, stating that Devlin has "toured A Therapeutic Alternative and worked with Cargile throughout the years" in the marijuana industry. Devlin commended Cargile's model efforts, saying: "In the case of [Cargile], I think she has a very altruistic approach and holistic approach to cannabis...I have spent time getting to know her and getting to know the industry, and I think the only way to effectively regulate an industry is to put myself in her shoes so that the regulations are meaningful and effective."<sup>36</sup>

Following Devlin's Cannabis Czar appointment, Cargile received a cannabis cultivation license in September 2017 for one of her other companies, THCA Inc., which filed for the cultivation permit under the project description title, "Ikänik Farms."<sup>37</sup> Three months later, Cargile became

the first person to be awarded a recreational cannabis dispensary license by the new Cannabis Czar.<sup>38</sup> However, by this time, Cargile had transferred ownership of the permit to a stock corporation that Cargile registered under the fictitious business name A.T.A.C.H.S.<sup>39</sup> Joe Devlin was the signatory authorizing the permit on behalf of the City.<sup>40</sup>

By spring 2019, Ikänik Farms “acquired” ownership of THCA Inc. from Cargile and listed it as an asset on a corporate presentation document to the City of Pleasant Hill.<sup>41</sup> Based on the most recent California Secretary of State filing, Ikänik Farms CEO Brian Baca is listed as the president of THCA.<sup>42</sup>

Five weeks after his termination as Sacramento’s Cannabis Czar, Devlin became vice president of new market development at Ikänik Farms, which offers, “handcrafted cannabis brands.” With its new hire in place, Ikänik Farms not only opened its new administrative office in the capital, but also touted “the regulatory environment that Devlin helped shape in Sacramento as part of its reason for choosing him, including the generation of \$250 million in annual gross sales from the local cannabis economy.”<sup>43</sup>

At present, Ikänik Farms can be counted among the exclusive companies that have a foothold in Sacramento’s booming cannabis market. Moreover, corporate updates have revealed that the company is in the midst of opening one of California’s few cannabis lounges in late 2020, which would be the “flagship Ikänik Farms dispensary and consumption lounge in Palm Springs.” The property owner for this future lounge is Kathy Vercher, president of Spearmint Rhino Gentlemen’s Club, a leading adult entertainment establishment in the United States.<sup>44</sup>

### **The Rise of the Sacramento “Pot King”**

Notably, Devlin’s time as Sacramento Cannabis Czar coincided with the takeover of the local market by cannabis tycoon Garib Karapetyan and his business associates.

Karapetyan was introduced to the cannabis business by a relative, Joe Karapetyan, who was linked to a cannabis Ponzi scheme in early 2020 and is a co-owner of the Karapetyans’s network of cannabis companies (often referred to as the “Kolas group”).<sup>45</sup>

Dubbed by the local media as Sacramento’s de facto “Pot King,” Karapetyan used the Kolas group to acquire nine of the city’s thirty dispensary licenses by 2019, despite a city cannabis ordinance stating that, “no person who has an ownership interest in a storefront cannabis dispensary shall obtain an ownership interest in any other storefront cannabis dispensary.”<sup>46</sup> In addition to dispensaries, the Kolas group obtained permits for cultivation, manufacturing, and distribution.<sup>47</sup>

How, exactly, was Karapetyan able to collect a disproportionate number of dispensary permits despite city regulations aimed at preventing this type of consolidation?



In November 2017, Devlin used his position as Cannabis Czar to endorse one of Karapetyan's companies, Capitol Compliance Management (CCM), in the local press.<sup>48</sup> Sacramento had just completed an audit of its medical cannabis industry that found widespread noncompliance and Devlin's comments were summarized as follows: "Some dispensaries have helped their cause by hiring...a company called Capitol Compliance Management to address operational problems, including those identified in the audit."<sup>49</sup>

However, Devlin failed to mention that Karapetyan owns all nine dispensaries represented by CCM and serves as its CEO, which would have exposed Karapetyan's overconcentration of dispensary licenses.<sup>50</sup> It is also worth noting that one of Karapetyan's dispensaries, Florin Wellness Center, did not submit a single document requested by the city's auditor, such as the prior year's financial statement, tax return, gross receipts records, membership list, or vendor list.<sup>51</sup>

In summary, it appears that Devlin openly approved how Karapetyan's dispensaries addressed operational deficiencies through the latter's own management company while ignoring that:

- Karapetyan is in violation of the city's ordinance aimed at preventing the consolidation of retail cannabis permits; and
- One of Karapetyan's companies refused to comply with the city's audit.

Regardless, the flaws in Sacramento's retail cannabis licensing system have not gone unnoticed by federal and local officials.

Around the time of Devlin's termination, the FBI began investigating whether Sacramento cannabis businesses paid bribes to public officials for dispensary licenses. According to the *Sacramento Bee*, the FBI is likely scrutinizing Karapetyan's Sacramento dispensaries.<sup>52</sup>

In response, Mayor Steinberg called for another city-wide audit in October 2019, urging city auditor Jorge Oseguera to "take a deep look at our permitting rules and whether they need to be changed to safeguard against over-concentration with one individual or group."<sup>53</sup> Several days later, Sacramento councilwoman Angelique Ashby further claimed that "obvious mismanagement has occurred in our permitting process" and several members of the City Council, including Ashby, raised concerns "about the lack of integrity and perceived equity in [their] marijuana permitting system."<sup>54</sup>

### **Karapetyan's Questionable Associations**

Over the years, Garib Karapetyan has been linked to individuals with ties to illegal activities. A couple of noteworthy examples are as follows:

One of Karapetyan's partners, Gevorg Kadzhikyan, was arrested in April 2015 on felony cannabis charges after police raided his Sacramento-area home and a Cloud 9 dispensary that is under the Kolas group's umbrella.<sup>55</sup>

Karapetyan co-owns at least one Sacramento property with attorney Arthur Charchian. Among these is the site where Cloud 9 is located (5711 Florin Perkins Road). Karapetyan and Charchian appear to have used two LLCs to purchase this property, but only Charchian's name appears on the city's cannabis application for that address, thereby concealing Karapetyan's ownership.<sup>56</sup> In December 2018, Charchian pleaded guilty to "federal charges of using his client trust bank accounts to launder proceeds of a \$14 million tax fraud and identity theft scheme that used false identities and bogus Republic of Armenia passports to obtain tax refunds from the Internal Revenue Service."<sup>57</sup> At the time of his arrest, Charchian was serving as president of the Southern California Armenian Democrats.<sup>58</sup>

To expand his cannabis empire, Karapetyan partnered with several individuals to obtain permits to buy and sell property. One businessman whose close connection to Karapetyan appears to have avoided scrutiny is Ben Atkins, a former manager and founding board chairman of Trulieve, the largest and most profitable cannabis company in Florida.<sup>59</sup>

According to the *Cannabis Business Times*, Atkins owned eleven California dispensaries prior to his involvement with Trulieve, no small feat given the financial and regulatory barriers to enter the market.<sup>60</sup> An analysis of two Atkins-owned companies—Golden Health & Wellness, Inc. and Sactown HCP, LLC—reveals how these were used to further the interests of the Kolas group.

Golden Health & Wellness, Inc. (GHW) was founded in 2009 as J Street Wellness before changing its name several years later. According to the *Sacramento Business Journal*, one of Karapetyan's Kolas group partners, Hayk Serobyan, "acquired" GHW from its original owners in open violation of city ordinances prohibiting the transfer of dispensary permits.<sup>61</sup>

A review of GHW's corporate filings shows that the company has been suspended by California's Franchise Tax Board (FTB) multiple times. In particular, the original registered agent resigned in April 2014 and the company did not restate its articles of incorporation with the Secretary of State until October 2018.<sup>62</sup> This time gap was most likely caused by the FTB suspensions, which were triggered by the company's failure to consistently pay state and federal taxes, as indicated by the nearly \$450,000 in state and federal liens brought against the company over the years.<sup>63</sup>

From November 2015 to April 2016, nine companies in four states that were owned or managed by Atkins began partnering with the Kolas group, including GHW.<sup>64</sup>

In December 2015, Atkins was appointed CEO and CFO of Golden Health & Wellness, and he is also listed as the official applicant when GHW sought to relocate its dispensary to a new location in June 2016<sup>65</sup>. As it turns out, the property at this new site had been purchased four months earlier by another newly created company owned and managed by Atkins, Sactown HCP, LLC.<sup>66</sup>

In fact, Atkins registered Sactown HCP in two states (California and Wyoming) and the company purchased a parcel of land at 1115 Fee Drive, Sacramento, CA, for \$1,620,000. This is the site where GHW relocated its dispensary, a request that the city approved despite appeals from citizens and business owners who warned that GHW had been operating without a license and proper corporate state filings. Then, in September 2017 Atkins granted the parcel's deed to Golden State Capitol Holdings, LLC, a California-based company owned by Garib Karapetyan.<sup>67</sup>

Interestingly, eight of the nine companies that comprise the Kolas group have the same restatement date of October 24, 2018. This appears to be a clear sign that all of these companies were working together to align the proper permits, assets, and properties to operate as a unified enterprise. GHW is one of the companies that was restated that day, which means that Atkins would have been aware of (and would have been working toward) the goals of the Kolas group, thereby implicating him fully in that enterprise.<sup>68</sup>

The evidence shows that Atkins was a crafty operator that registered and handled multiple cannabis entities using multiple names in multiple states, including a company called Marpe Cultivation LLC, which sells its cannabis to BSEEN, LLC, one of Karapetyan's distribution companies.<sup>69</sup> Atkins was not just merely working with the Karapetyans at one dispensary, but was also actively helping the Kolas group to form a closed-loop local market to enrich the participating companies. Moreover, it appears that Atkins was involved in the administrative operations of the Kolas group as he was preparing the first cannabis company to hit the market in Florida: Trulieve.

### **Atkins's Disclosure Issues**

Despite Atkins's extensive experience in the cannabis industry, there is no indication that Trulieve has ever publicly disclosed any specific information to date regarding Atkins's California cannabis companies. As a result, Trulieve may have intentionally concealed critical information from investors to avoid scrutiny of Atkins's deep connections to the Kolas group and its unlicensed Sacramento cannabis activities. In Trulieve's September 2018 listing statement, several managers included the specific names of the cannabis companies where they had worked (although most had no experience at all). Atkins's profile, however, only states that he has "owned and managed several cannabis facilities in the State of California."<sup>70</sup>

Atkins also made a formal request to Corporation Wiki, a free online platform that lists historical company data, to remove certain business records from public view, per Corporation Wiki's opt-out policy. A comparative analysis of official state filings reveals that the specific company that Atkins removed is the aforementioned Sactown HCP, which Atkins may have used in deceptive ways when filing for Sacramento permits to obfuscate the true property ownership of one of Karapetyan's companies. In summary, Atkins's request to block this information from the public may be strong evidence that he has used this company to engage in questionable activities.<sup>71</sup>

## **Federal Implications of California’s Cannabis Corruption**

On October 10, 2019, the Southern District of New York announced that a federal grand jury indictment had been brought against four men—Lev Parnas, Igor Fruman, David Correia, and Andrey Kukushkin. Prosecutors alleged that the men violated federal election law by making plans to funnel donations from a foreign national to state and federal politicians in Nevada and other states. The goal of this foreign national donor scheme was to court the favor of officials who could give the men access to retail cannabis permits.<sup>72</sup>

One of the indicted men — Andrey Kukushkin — has an extensive history of business ties with Garib Karapetyan, spanning multiple cannabis-related ventures. According to the California Bureau of Cannabis Control, twelve state cannabis licenses “issued to the partnership of Karapetyan and Kukushkin” were under review as of October 2019.<sup>73</sup> Since 2013, Kukushkin and Karapetyan have been listed as officers of Sacramento’s Sharp Source dispensary, the company that also operates the local Twelve Hour Care (THC) dispensary owned by Karapetyan.<sup>74</sup>

In October 2020, legal documents from the case revealed that the foreign national bankrolling the scheme was Andrey Muraviev, a Russian businessman who partnered with Karapetyan and Kukushkin in two Sacramento cannabis companies registered in 2016: KKM Management, LLC and Legacy Botanical Company, LLC.<sup>75 76</sup>

Oddly enough, on the same day that Legacy Botanical Company was registered—February 16, 2016—Trulieve’s Ben Atkins registered a corporation in California called NV Reno OPTCO I, LLC.<sup>77</sup> This corporation is a branch of a Nevada company by the same name that lists Karapetyan’s longtime business partner, Grach Serobyen, on its filing.<sup>78</sup>

In April 2016, yet another Kolas group partner, Joe Karapetyan, registered a business in Florida called C2CX6, LLC. Corporate documents reveal that Ben Atkins is the manager of the company and his son, Jordan Atkins, is an authorized member.<sup>79</sup>

The original filing lists Joe Karapetyan’s official address as 24761 US HWY 19 N, Clearwater, FL 33763.<sup>80</sup> Less than four months later, Trulieve opened its first medical marijuana dispensary in Clearwater at this exact address.<sup>81</sup>

Considering Ben Atkins’s longtime business association with the Karapetyans, it would not be surprising that Trulieve might choose to keep these ties hidden from public disclosure. Moreover, the possible ties between Trulieve and the Kolas group could just be the tip of the iceberg as many unanswered questions remain in multiple states, including Florida.

## **The Florida Story**

### ***Two Major Players***

Florida's entry into the medical marijuana market began in 2014 when then Governor Rick Scott signed legislation approving the use of a non-euphoric strain of marijuana to treat certain medical conditions and cancer. The bill was nicknamed "Charlotte's Web."<sup>82</sup>

After a failed attempt by advocates to legalize recreational marijuana through a voter referendum in 2014, Governor Scott and the Florida legislature expanded the use of medical marijuana in 2016.<sup>83</sup>

Later in 2016, a constitutional amendment to legalize full-strength medical cannabis was on the general election ballot. On November 8, 2016, Amendment 2 passed with 71.3 percent support and legalized the use of cannabis with a doctor's recommendation for treatment of various ailments.<sup>84</sup>

The Florida legislation legalizing medical marijuana specified that any horticulture grower that wanted to participate in the cannabis industry had to be in business for at least thirty years, already be growing at least 400,000 plants, and have the financial means to ramp up a new business. The practical effect of these specific regulations was to limit business opportunities to twenty-one of the 7,000 nurseries registered in Florida.<sup>85</sup>

The legislative language limited access and gave a head start to those individuals who had the money and the connections to influence the lawmakers responsible for crafting the implementing language.

In early 2017, seven companies had been licensed by the state of Florida to produce and sell medical marijuana. Critics of the system labeled them cartels. Reports at the time indicated that the seven companies spent \$667,000 on campaign contributions and approximately \$1.5 million for lobbyists to secure the position in the industry.<sup>86</sup>

"The laws on the books today promote a state-sanctioned cartel system that limits competition, inhibits access, and results in higher prices for patients," said Florida State Senator Jeff Brandes.<sup>87</sup>

However, more restrictions meant less competition and more opportunities for investment and millions in profits for the lucky few.

Trulieve and Surterra are two companies that moved aggressively to take full advantage of the "state-sanctioned cartel system" and in the process revealed how government cronyism aided their efforts.

## Trulieve

*Marijuana Business Dailey* wrote in September 2019, that Florida's medical marijuana market was "dominated by one player," Trulieve.<sup>88</sup>

The Tallahassee-based company, with forty-three Florida dispensaries, controlled nearly 49.2 percent of the sales in the non-smokable marijuana market as reported in late 2019. The next closest competitor, Surterra, controls approximately 13.7 percent of the market.<sup>89</sup>

"Kim Rivers, Trulieve CEO, attributed the company's success in part to a 'first-mover advantage.'" In an email to *Marijuana Business Daily*, Rivers wrote, "We have aggressively built out our network of dispensaries from the Panhandle to Key West to be in communities throughout our large and dispersed state."<sup>90</sup>

The "first-mover advantage" was evident in that "Trulieve was the first licensee to have cultivation facilities up and running, first to open a dispensary in the state, first to serve a patient, first to make a home delivery, and first to sell statewide."<sup>91</sup>

With the July 26, 2016, opening of the cannabis industry's first Florida dispensary in Tallahassee, Trulieve began its march to dominance. A march navigated by Rivers that would cross the paths of well-connected politicians and lobbyists. These relationships would raise questions about Trulieve's business practices.<sup>92</sup>

Prior to Trulieve, Kim Rivers, along with James T. Burnette, was involved with several businesses tied to public private partnerships with Tallahassee local government.<sup>93</sup>

Records show that the public-private partnerships, which began around 2010, relied heavily on political relationships with elected officials and help from high-level staff members in local government. These relationships also involved the flow of money to local campaigns. At one point, a business address tied to Burnette and Rivers were the leading campaign donors to local government officials.<sup>94</sup>

Before Trulieve was created and the legal and regulatory framework for the cannabis industry was ever developed, we will show that Rivers brought together various interests with the goal of seeking a position on the ground floor of an industry that experts estimated in 2016 would be \$1.6 billion by 2020.<sup>95</sup> These interests came with influence and controversy.

First, there was Florida State Representative Halsey Beshears, a Republican from Monticello, Florida. Newly elected in 2012, his family was the owner of Simpson Nurseries, a large North Florida farm. A report in 2014 by the *Tampa Bay Times* questioned why Beshears voted on the 2014 marijuana bill with his family connections to Simpson Nurseries, a business that would eventually benefit from the legislation.

Halsey's father and nursery owner Fred Beshears told the *Times*, "We're certainly not thinking about it today...I'm very leery about that and anything to do with marijuana."<sup>96</sup>

Halsey Beshears had other connections.

The treasurer for his 2014 campaign was the lobbyist for the Florida Nursery, Growers and Landscape Association.<sup>97</sup> Beshears' cousin, Adam Hollingsworth, was then-Governor Scott's chief of staff when the 2014 bill was working its way through the Florida legislature. Additionally, Beshears was an old high school friend of James T. Burnette. Campaign donations Burnette made to Beshears' campaign in his run for the Florida House of Representatives in 2012 is evidence of their continued relationship.<sup>98</sup>

Another relationship instrumental to the development of Trulieve was with Ben Atkins and his son Jordan.

Ben Atkins had extensive experience with cannabis companies in California and access to financing resources. In April 2017, Atkins guaranteed a loan of \$4 million to Trulieve Inc. and in November 2017, he became a Board member. Based on a 2017 annual report, Atkins had significant voting power with respect to the company's outstanding shares.<sup>99</sup>

More curious was the position of Jordan Atkins. At the age of twenty-three, Mr. Atkins was listed as a founder, a full-time employee and a Board member in March 2016. He was responsible for managing the daily operations of Trulieve's dispensary system, including Trulieve's home delivery distribution network. He began his career in California where he operated cannabis dispensaries.<sup>100</sup>

Beyond these relationships, the Trulieve group—like others in the industry—began to hire powerful lobbyists to navigate the web of connections that comes with a highly regulated industry.

Government records show that effective August 14, 2014, the Hackney and May Nurseries hired powerful Florida Lobbyists Brain Ballard to represent their interests in the Florida Legislature.<sup>101</sup>

Trulieve's reliance on lobbyists would increase from 2015 to 2018. In 2016, seven lobbyists were registered to represent Trulieve. The number increased to fourteen lobbyists in 2018.<sup>102</sup>

The web of connections behind Trulieve became public in the government filings that were required to get a cannabis company up and running. On June 1, 2015, Kim Rivers sent an inquiry to the Growth Management Director of Tallahassee about the possibility of establishing a medical marijuana dispensary in Tallahassee. The inquiry was sent on-behalf of Inkbridge Inc.<sup>103</sup>

Inkbridge Inc. was a company tied to Burnette and Rivers. The Tallahassee Democrat reported that Burnette "recruited Rivers after she moved back from Atlanta several years ago and partnered on Inkbridge, which they called a 'financial engineering' investment firm.

They also started Imagine Tallahassee, which tried to influence how local sales tax revenue was spent on multi-million dollar infrastructure projects.”<sup>104</sup>

Trulieve’s application for a license with the Florida’s Office of Compassionate Use, which was submitted on July 8, 2015, listed Rivers as a board member and lauded her experience with “navigating local regulatory frameworks,” her “real estate development background,” and “legal acumen.”<sup>105</sup>

The license application was filed under the name of George Hackney, Inc., doing business as Hackney Nursery. However, joining Hackney in applying for Florida’s Northwest region license was Simpson Nursery and May Nursery.<sup>106</sup>

Just over a year after the Beshears family—owners of Simpson Nursery—said they were “leery” about anything to do with marijuana, the family business was seeking a license to sell medical marijuana.<sup>107</sup>

On November 23, 2015, the Florida Department of Health approved the Trulieve application. On February 25, 2016, Trulieve was approved to start the cultivation process in its harvested product facility in Quincy, Florida, and was required to begin dispensing within 210 days.<sup>108</sup>

These approvals set in motion a race to open dispensaries across the state of Florida for Trulieve and some of their competitors. This required dealing with local government regulations.

At the time, local governments struggled with how to respond to the numerous requests to open dispensaries. Many did so with moratoriums on opening new locations. In some cases, these decisions, which limited competition, favored companies like Trulieve and Surterra.

For example, on December 14, 2016, the City of Tallahassee put in place such a moratorium. Trulieve already had a dispensary in place.<sup>109</sup>

The same situation occurred in Clearwater and Tampa. On January 30, 2017, Clearwater imposed a moratorium that would last more than six months. Trulieve had opened their second dispensary there on August 18, 2016.<sup>110</sup>

In Tampa, Florida, the city voted to implement a moratorium in November 2016, which lasted until August 2017. However, Trulieve had put in their application before the vote and opened their third dispensary on January 26, 2017.<sup>111</sup>

Just as Trulieve began to expand their market share in a favorable regulatory environment, the revelation of two FBI investigations over a two-year period would implicate people with financial ties to Trulieve.



## **Trulieve and the FBI**

On June 13, 2017, an FBI subpoena hit Tallahassee City Hall.<sup>112</sup> The subpoena was based, in part, on an undercover operation that included agents posing as medical marijuana entrepreneurs. The subpoena was far reaching and requested public records related to number of business and individuals connected to the Florida cannabis industry and, more specifically, individuals tied to Trulieve.<sup>113</sup>

Several businesses tied to J.T. Burnette and Kim Rivers were listed in the subpoena including Inkbridge, the financial engineering company that was listed in one of the first filings in the City of Tallahassee related to Trulieve.

Beginning in December 2018, with a forty-eight-count indictment of Tallahassee City Commissioner Scott Maddox, the federal government began to reveal certain elements of their undercover operation. Caught up in these revelations were businesses and individuals who had relationships with Maddox.<sup>114</sup>

One of these individuals was Trulieve investor J.T. Burnette. On May 9, 2019, Burnette was indicted by the federal government. The indictment charged that Burnette participated with Maddox in extorting representatives of a company seeking to develop properties in Tallahassee to pay money to Maddox in exchange for Maddox's assistance as a public official. It also "alleged that Burnette arranged the logistics of bribe payments of \$10,000 per month to Maddox."<sup>115</sup>

In August 2019, Maddox pleaded guilty in U.S. District Court in Tallahassee in a plea agreement with federal prosecutors. A number of charges were dropped in exchange for three guilty pleas related to "honest services wire fraud, honest services mail fraud, and conspiracy to defraud the United States."<sup>116</sup>

Burnette is scheduled to go to trial in January 2021.<sup>117</sup>

In addition to this federal investigation, the FBI indictment of a number of business partners conspiring to funnel foreign money to US political campaigns also had several Florida connections. In the California chapter, we detailed the relationship between Trulieve founder Ben Atkins and business partners who were indicted for conspiring to funnel foreign money to US political campaigns.

Les Parnas and Igor Fruman, two of the four defendants charged in the foreign donation indictment also had political and business connections in Florida.

Parnas and Fruman's company, Global Energy Producers, donated \$50,000 to the DeSantis campaign, and Parnas was a part of the host committee for a DeSantis fundraiser in July 2018.<sup>118</sup>

Also, the prosecutors investigating the foreign donation scheme subpoenaed Ballard Partners, a lobbying firm started in Tallahassee by Republican and Trump confidant and

fundraiser Brian Ballard. Parnas, who met Ballard in 2016, was paid \$45,000 for referring an international client to Ballard Partners. The client was the Turkish government.”<sup>119</sup>

Another Ballard Partner client during this period was Trulieve.<sup>120</sup>

### **Surterra**

In 2018, a former marijuana lobbyist ran for Florida statewide office and won. Nikki Fried was installed as the Florida Commissioner of Agriculture and Consumer Services in January 2019, becoming the de-facto leader of Florida’s Democratic Party.<sup>121</sup>

During the run up to her election, it was revealed that Fried was romantically involved with Jake Bergmann, the CEO of Surterra, a marijuana company that was awarded a license under the new Florida law.<sup>122</sup> After her election, records would indicate that Fried financially benefited from the relationship when her net worth skyrocketed by \$1,000,000 in one year.<sup>123</sup>

While Trulieve has become the dominant player in the burgeoning cannabis market in Florida, early on, there was a race developing between Trulieve and Surterra.

The Tallahassee Democrat reported that “Surterra and Trulieve are miles ahead of the pack” citing the fact that the two companies were “the first to open dispensaries in more than one city with plans to expand statewide.”<sup>124</sup>

Surterra, much like Trulieve, began putting the pieces together early in the process. By 2017, led by Jake Bergmann, a private equity manager from Atlanta, Surterra had opened two dispensaries in Tallahassee and Tampa and had plans to open six more by the end of the year.<sup>125</sup>

In 2015, Surterra teamed up with Homestead, Florida, based Alpha Foliage to win a state medical marijuana license. Like Trulieve, Surterra also used powerful lobbyists to navigate the regulatory framework and new administrative rules.<sup>126</sup>

Their lobbyist team included Ron Book, Michael Corcoran, and the Rubin Group.<sup>127</sup>

Surterra would gain another influential advocate through Jake Bergmann’s relationship with the current Florida Commissioner of Agriculture and Consumer Services, Nikki Fried.<sup>128</sup>

Before Fried was a candidate for the statewide office, she lobbied for the marijuana industry with the Colodny Fass law firm. Later, she did so through her company Igniting Florida.<sup>129</sup>

Fried told Florida Trend that her relationship with Bergmann began in late 2017, early 2018. This was during the same time Fried was contemplating running for a statewide office. Once she settled on entering the race for Florida’s Commissioner of Agriculture, Bergmann

became a big help. Reports indicated that Bergmann contributed \$60,000 to Fried’s political committee during the campaign.<sup>130</sup>

Just before her election victory, Bergmann stepped down as the CEO of Surterra.<sup>131</sup>

After Fried was elected, questions about her finances and the relationship with Bergmann continued to surface in media reports. In March 2019, the Miami Herald reported that Fried created a blind trust in January. The only asset in the trust was Ignite Holdings LLC (not related to Igniting Florida), incorporated the same day the blind trust was created. Fried refused to reveal what was inside the asset.<sup>132</sup>

Later in 2019, a report based on financial disclosure forms filed with the Florida Commission on Ethics revealed that the net worth of Nikki Fried increased by \$1,129,950 in one year— from \$271,613, reported on June 18, 2018, to \$1,401,563, reported on June 24, 2019—a 416 percent increase.<sup>133</sup>

In a written statement, a Fried spokesperson stated that, “Nikki jointly purchased a home in Tallahassee with her significant other, Jake Bergmann, as well as placed all outstanding receivables from her private consulting firm into a blind trust that she has no direct or indirect control over. Nikki’s cash assets and liabilities – including nearly \$80,000 in student loan debt – have remained virtually unchanged.”<sup>134</sup>

However, Fried did file an amended form, which still left unanswered questions about the sources of her wealth.<sup>135</sup>

Then, in late 2019, she announced her engagement to Jake Bergmann and questions were again raised about conflicts.

The *Sun Sentinel* reported on the engagement and noted that while Bergmann had previously stepped down as CEO of Surterra, he still had an ownership stake in the company.<sup>136</sup>

While Fried’s office does not directly oversee medical marijuana, she has taken steps that increase her influence with the cannabis industry.

She created a medical marijuana advisory committee and appointed a director. Also, her office began writing rules for medical marijuana edibles and in August, 2020 authorized four medical-marijuana companies to begin manufacturing edible products.<sup>137 138</sup> The companies include Parallel Florida LLC, Curaleaf, VidaCann and Trulieve.<sup>139</sup>

Also, in December, 2020, Fried – via an email - asked her political donors to help her “push for cannabis legalization” and to “increase access to medical marijuana.”<sup>140</sup>

With Fried being mentioned as a legitimate gubernatorial candidate in 2022, her relationship with someone tied to the Florida marijuana industry will continue to be newsworthy. Specifically, a run for governor will require Fried to address specific proposals

about the future of recreational use of marijuana in Florida, which could benefit Fried financially.

Also, the upcoming federal trial of James T. Burnette on corruption charges is sure to keep Trulieve, Florida's leading cannabis company, in the news.

## **The New York Story**

### ***Cuomo Changes Position***

When Democrat Andrew Cuomo trounced his Republican gubernatorial opponent with nearly two-thirds of the vote in 2010, marijuana barely registered as a campaign issue. Yet almost four years later and close to the end of his first term, Governor Cuomo signed the state legislature's Compassionate Care Act, which created a medical cannabis program in the state in July 2014.<sup>141</sup>

Cuomo was initially opposed to even medicinal use of the drug. In October 2010, Cuomo spoke against it saying, "The dangers of medical marijuana outweigh the benefits."<sup>142</sup> Even as late as April 2013, Cuomo continued to say, "We're looking at it, but at this point I don't support medical marijuana."<sup>143</sup>

But in January 2014, he dropped his opposition to medical marijuana only, pledging to create a program to allow it in New York with some restrictions.<sup>144</sup>

#### **Compassionate Care Act**

The Compassionate Care Act assigned the Department of Health the responsibility to award the licenses. Overall, New York had forty-three different applicants vying for a license to partake in the state's medical marijuana program, but the legislation stated that only five companies could be chosen to grow, process, and distribute marijuana in the state.<sup>145</sup>

In November 2015, before the program became operational, Cuomo signed a new amendment to the Compassionate Care Act that "expedited access to medical cannabis to critically ill patients ahead of the full opening of registered organizations in 2016."<sup>146</sup>

The New York cannabis market started off strong, valued at \$784.7 million in 2014, the first year of medical use legalization.<sup>147</sup> The market saw explosive growth every year and its value more than doubled to \$1.8 billion by 2018.<sup>148</sup> Full legalization for recreational use could add billions more.<sup>149</sup>

#### **Recreational Cannabis**

Heavily Democratic New York is often very liberal in its policies, and Cuomo's continued opposition to recreational legalization stuck out. The *New York Times* called for legalization in mid-2014 in an editorial called, "Repeal Prohibition, Again," which compared the failure of alcohol prohibition to the state's current ban on marijuana. The editorial said, "It has been more than 40 years since Congress passed the current ban on marijuana, inflicting great harm on society just to prohibit a substance far less dangerous than alcohol" and "the federal government should repeal the ban on marijuana."<sup>150</sup> The editorial advocated the legalization of recreational marijuana, but only for those individuals twenty-one and older.<sup>151</sup>

Unmoved, Cuomo remained opposed to recreational cannabis. In 2017, he said that he viewed cannabis as a "gateway drug." The governor declared, "Marijuana leads to other drugs and there's a lot of proof that that's true."<sup>152</sup>

It was, therefore, a surprise when almost two years later Governor Cuomo announced his plans for 2019, including his intention to legalize recreational marijuana.<sup>153</sup>

What can account for the sudden change of heart about recreational use of marijuana, which he had so long opposed?

It could have something to do with the total amount of money from the cannabis industry given to Cuomo's campaign and how much money the cannabis industry creates. In January 2019, *The Public* "found that wealthy people and corporations situated to profit from Cuomo's about-face on marijuana have given the governor a combined \$640,874."<sup>154</sup>

Earlier this year, Cuomo's office estimated that if New York legalized and taxed cannabis it could bring in \$300 million to the state's coffers.<sup>155</sup> After conducting its own review, *The Journal News/Iohud* revealed in October 2018 that marijuana companies and promoters spent roughly \$3 million lobbying in New York over a five-year period and about \$1 million starting in 2017.<sup>156</sup>

Critics have taken notice. Kevin Sabet is president and CEO of an organization called "Smart Approaches to Marijuana" that opposes legalizing recreational marijuana use, but supports scientific research into its medical applications.<sup>157</sup> He believes that "the pot industry sees political giving as the price of doing business" and it is worrying that they could be "manipulating the process with money."<sup>158</sup>

## **MedMen Enterprises**

One company standing to benefit from recreational marijuana in New York that donated a substantial amount of money to Cuomo's campaign is MedMen Enterprises Inc.

Adam Bierman and Andrew Modlin founded MedMen in 2010.<sup>159</sup> The company is a well-known retailer in the United States and appeared to be on track to become the "Apple of pot."<sup>160</sup> After starting in California's medical cannabis market, MedMen has expanded their stores into Arizona, Florida, Illinois, Nevada, New York, and will soon be opening one in Massachusetts.<sup>161</sup>

MedMen dove into the New York medicinal marijuana market in early 2017 by acquiring Bloomfield Industries, one of the five original licensees in the state of New York.<sup>162</sup>

The acquisition offered MedMen a point of entry into a valuable market. In 2018, the company appeared to become more aggressive with their lobbying and donation efforts in New York. MedMen donated \$65,000 to Andrew Cuomo for New York, Inc. Co-founder Andrew Modlin personally contributed \$25,000 for Cuomo's reelection bid.<sup>163</sup> MedMen also hired lobbyists in all six states where they currently operate or have plans to do so. Specifically, these efforts are aimed at states lacking legal recreational use, winning more licenses for dispensaries, and influencing legislation.<sup>164</sup>

According to Politico, "MedMen invested in retail and political muscle in New York in anticipation of recreational pot becoming legal in one of the country's richest consumer markets."<sup>165</sup> Lobbying records from early 2019 show that MedMen was spending \$8,000 per month, "including work on recreational marijuana legislation."<sup>166</sup> MedMen certainly believed the time was on for the "green rush" in New York.

The company's hot start cooled down in late 2018 after class-action lawsuits by employees. Investors also sued and the company's former CFO filed a blockbuster complaint, accusing the founders of, among other things, calling a Los Angeles councilman a "midget negro," and making a political contribution in another person's name to a Nevada politician.<sup>167</sup> MedMen's reputation was severely damaged and, despite the company's denial of all wrongdoing, the company saw nine-figure losses.<sup>168</sup>

## The Green Lobbying Trail

But MedMen were not alone. Various executives and lobbyists from six of the ten licensed marijuana sellers contributed \$155,510 to Cuomo's reelection campaign between January 2017 and November 2018, according to a newspaper review of state campaign finance records. For example, one of the first donations in January 2017 was among the most significant: \$25,000 from Nicholas Vita, CEO of the dispensary operator Columbia Care Inc.<sup>169</sup>

These companies clearly desire to transition from medical marijuana to recreational, but New York has placed a limit on the number of statewide dispensaries. With thirty-seven out of the forty dispensaries allowed to serve the state's population, the medical marijuana program is small compared to other states on a per capita basis.<sup>170</sup> Yet, the potential for market competition in the recreational framework exists, especially for the established dispensary players, who would benefit from their experience and knowledge of the industry.

Cuomo not only received campaign contributions from within the marijuana industry, but campaign support as well.

For his 2018 reelection effort, Cuomo turned to Maggie Moran to be his campaign manager. Moran has a long resume of campaign management for Democratic candidates including running Al Gore's New Jersey campaign in 2000. She previously served on Cuomo's 2010 campaign as a senior advisor.<sup>171</sup>

Moran took a leave of absence from her current employer, Kivvit, LLC, a public relations firm with ties to the cannabis industry where she was a managing partner.<sup>172</sup> In early 2018, the firm published a report called, "Legalize It: How States Have Dealt With Roadblocks To Cannabis Legalization" and the company announced a partnership with the New Jersey CannaBusiness Association, whose goal is to promote jobs and growth in the state's cannabis industry.<sup>173</sup> Maggie Moran serves on the board of that organization as a strategic advisor.<sup>174</sup>

The report created by Kivvit addresses different policy issues often seen as roadblocks to legalization, and offers solutions for how states should deal with these objections.<sup>175</sup> These include the problems of impaired driving and traffic fatalities, cannabis cultivation with pesticides, preventing use among children by forbidding sales near schools or advertising targeted to children. The report also addressed the potential for increased use of opiates/heroin, what to do about those imprisoned or previously convicted of a cannabis-related crime, and other policy matters.<sup>176</sup> It even highlights some unique policies certain states have implemented for their own recreational marijuana programs.<sup>177</sup>

This report came out just a few months before Cuomo appointed Maggie Moran to his reelection campaign. Following that election campaign, Cuomo completely changed his position on cannabis from seeing it as a "gateway drug" to fully supporting recreational marijuana.<sup>178</sup>

Maggie Moran was not the only connection between Cuomo and Kivvit. A managing director, Rich Bamberger, was previously Cuomo's communications director before he joined Kivvit in 2012.<sup>179</sup>

Even with these forces brought fully to bear, New York's cannabis program remains today at the medicinal level. In June 2019, Governor Cuomo failed in his effort to fully legalize marijuana, signing a bill that further decriminalized marijuana possession.<sup>180</sup>

Although New York hit the ground running with its medical marijuana program, even in this progressive state not everyone was on board with legalizing marijuana for recreational use. This included a group of

state senators from Long Island and the Hudson Valley that were opposed to the 2019 push for legalization “on moral grounds.”<sup>181</sup>

In January of 2020, Cuomo promised recreational legalization as one of his top priorities.<sup>182</sup> He pledged that he was “forming an Office of Cannabis Management to regulate medical, adult-use and hemp programs; ensuring that social equity and social justice needs are met; working in concert with neighboring states; and creating a cannabis and hemp research center at the State University of New York.”<sup>183</sup>

Detailed as they were, those plans have been snuffed out at least for this year. Cuomo acknowledged in March that legalization is “not likely” to happen in 2020 because of the state’s being an epicenter of the coronavirus pandemic.<sup>184</sup> So, legalized recreational marijuana in New York will have to wait at least until next year.



## **The Illinois Story**

### ***The Pritzker Promise***

In Illinois, the regulatory treatment of marijuana went from a tightly controlled medical marijuana pilot program in 2013 to recreational legalization in six years. One of Illinois's most prominent families, the Pritzkers, supported the move to recreational use. The issue became the cornerstone of J.B. Pritzker's successful campaign for governor of Illinois in 2018.

After Pritzker was elected governor, his second cousin, Joby Pritzker, was instrumental in advocating for the legislation that would legalize recreational marijuana in Illinois. A move that would financially benefit a Pritzker family investment that was valued at approximately \$1.7 billion in 2019.

This six-year transition was beset with starts and stops. This was due, in part, to the fact that three different governors from two different political parties managed the transition. This included then-Democratic Governor Pat Quinn, who signed the initial legislation into law in 2013. All three had different views on how to regulate marijuana.

The initial medical marijuana law was restrictive, but the legislation still provided significant financial opportunities for those who could secure a license. Subsequent changes to the pilot program greatly benefited those who managed to get to the front of the licensing line.

As in other states that have legalized some form of marijuana, the process in Illinois was tainted by charges of cronyism and conflicts of interest involving cannabis company officials, well-connected insiders, and elected officials. One Illinois candidate for governor said, "The medical marijuana process is straight out of the Rod Blagojevich playbook."<sup>185</sup>

An early advocate of the legalization of marijuana was Illinois State Rep. Louis Lang who was labeled as the "go-to lawmaker" for difficult issues. Turns out that the ability to deal with "difficult issues" comes with hefty campaign contributions.<sup>186</sup>

There was also a "go-to lobbyist." Nancy Kimme turned a career in state government into a successful career peddling influence among the same people she worked with for twenty-five years.<sup>187</sup> Interestingly, her path would eventually cross with Lou Lang.

Marijuana companies with their eyes on the new market in Illinois sought out well-connected officials-turned-lobbyists, like Lang and Kimme, to help them navigate the restrictive licensing process.

These companies include PharmaCann, a marijuana business that was able to secure licensing for four dispensaries and three cultivation centers. The company, funded by a venture capitalist group, had the help of a powerful Illinois lobbying firm and the benefit of campaign donations.<sup>188</sup>

Another was Health Central LLC, who hired former Quinn chief of staff Jack Lavin to lobby for medical marijuana licenses.

Finally, there was Revolution Enterprises—a company that relied on extensive Chicago connections to position the company to seize on the expanding Illinois market.

Lobbyists and the marijuana industry spent years operating under restrictive regulations, but in 2017, a move began to legalize recreational marijuana. Politicians and industry executives scrambled to take advantage of the potential political and financial opportunities.

No one capitalized on the situation more than did gubernatorial candidate J.B. Pritzker. Pritzker promised to quickly to legalize recreational marijuana and to release those who were incarcerated for minor violations of previous laws. Pritzker won the election and kept both promises.

Before any marijuana could be sold legally in Illinois, someone had to implement the legislation that was passed in 2013.

### **Licenses Issued Amid Charges of Corruption**

On August 1, 2013, Illinois Governor Pat Quinn signed the Compassionate Use Medical Cannabis Act. The bill allowed prescriptions “up to 2.5 ounces of marijuana over a two-week period” for patients who were suffering from forty-two specific symptoms.<sup>189</sup>

But advocates for medical marijuana would find out that Governor Quinn was in no hurry to implement the law. (In fact, after eventually losing his bid for re-election in 2014, Quinn left office in 2015 without issuing any licenses.) In addition, to the amazement of marijuana advocates, he made the law more restrictive by requiring more extensive background checks.<sup>190</sup>

The chief sponsor of the bill, Illinois State Rep. Lou Lang told The Huffington Post, “I think the governor made a serious and grievous mistake today.”<sup>191</sup>

During that campaign, gubernatorial candidate and eventual winner, Bruce Rauner, raised serious questions about the marijuana licensing process. He stated that the “new law could give (then-) Democratic Gov. Pat Quinn the ability to dole out licenses for pot sellers and marijuana growers to companies with political connections.”<sup>192</sup>

Rauner said the process was “rigged” and compared the cronyism to the pay-to-play politics practiced by disgraced former Illinois Governor Rod Blagojevich.<sup>193</sup>

In lodging these charges, Rauner cited the actions of Quinn’s former chief of staff Jack Lavin who resigned in September 2013 and opened a lobbying firm. Lavin, who was a state government employee for a number of years and had worked for former Gov. Blagojevich, started his lobbying career in February 2014 and began representing a company seeking to get in the marijuana business.<sup>194</sup>

In April 2015, Lavin’s lobbying efforts paid off. After initially having their application “on hold for further review,” the company represented by Lavin, HealthCentral LLC, received dispensary licenses in at least two Illinois districts.<sup>195</sup>

Rauner also criticized former Governor Quinn after taking office.

“Let’s talk about this medical marijuana mess that Governor Quinn created, then ran away from,” Rauner said in January 2015. “Apparently he made arbitrary decisions about disqualifying people, and who could play and who could not, different from what the legislation authorized, and the law required.”<sup>196</sup>

However, marijuana advocates' fears that Rauner would be an obstacle to implementing the pilot program were laid to rest when, in February 2015, Rauner issued over fifty licenses for dispensaries and eighteen licenses to grow marijuana.<sup>197</sup>

Governor Rauner said, "Quinn left the state in legal jeopardy, prompting him to issue the licenses immediately."<sup>198</sup>

The list of companies provided a road map to the behind-the-scenes deal making between lawmakers, lobbyists, and marijuana entrepreneurs.

### **The Go-To Lawmaker**

Illinois state legislator Lou Lang, who had the reputation of taking on tough issues, first introduced legislation to legalize medical marijuana in 2009. Four years later, Lang sponsored a bill that proposed to create a four-year pilot program that was signed into law by then-Governor Pat Quinn.<sup>199</sup>

The bill prohibited individuals from growing marijuana and limited use to people who had a doctor's prescription for certain medical conditions.<sup>200</sup> Lang's legislation had the support of over two hundred doctors.<sup>201</sup>

While Lang touted the health benefits of medical marijuana, his advocacy for legalizing it was also lucrative for his political fundraising.

A government watchdog group reported in 2015 "Lang's campaign fund collected about \$50,000 in donations flowing from would-be pot growers and sellers, lobbyists who counted them as clients and other interested parties since 2009."<sup>202</sup>

These donors included Sanford Stein, a Chicago attorney who represented several medical marijuana companies. He donated \$13,850 to Lang between 2009 and 2015. One of Stein's clients, In Grown Farms, received a cultivation license in 2015.<sup>203</sup>

Another donor was attorney Samuel Borek, a Lang friend from college, who had donated \$15,430 to Lang since 1995. A Borek client, Alternative Treatments Ltd., received a license to operate a dispensary.<sup>204</sup>

Influential lobbyist group ThomsonWeir, LLC, who listed the Chicago Cubs as clients, also donated to Lang. Former ThomsonWeir client PharmaCann at one time held the most licenses in Illinois and would go on to be one of the most successful marijuana start-ups in the state.<sup>205</sup>

For Lang, playing the leading role in advancing medical marijuana legislation in Illinois would be one of his crowning achievements as an elected official, but it also appears to have benefited him professionally.<sup>206</sup>

After thirty-two years as a legislator, Lang resigned abruptly just before being sworn in to a new term and took up employment with one of the most powerful lobbyists in Illinois, Nancy Kimme. Kimme had her own history with marijuana businesses seeking licenses in Illinois.<sup>207</sup>

## **The Go-To Lobbyist**

A number of marijuana businesses hired Nancy Kimme to advocate for their interests. It is not hard to understand why.

Kimme, who had developed powerful connections during her twenty-five-year career with Illinois state government, formally became a lobbyist in February 2015.<sup>208</sup>

One political insider wrote, “She should do more than quite well. She’s one of those people who knows everybody and everything and has been indispensable to Team Rauner. They’ll be lining up around the block to give her contracts.”<sup>209</sup>

But her access to decision-makers began before she filed paperwork to become a lobbyist.

Playing an important role in Rauner’s successful campaign for governor gave Kimme a front row seat to the transition of power in Springfield. Kimme was appointed to Rauner’s transition team in November 2014.<sup>210</sup> Between November 2014 and February 2015, Kimme had access to Governor Rauner at the time when he was wrestling with how to implement the marijuana pilot program.

After Rauner announced the issuance of the first round of marijuana licenses, Illinois lobbying records show that three marijuana businesses hired Kimme on the same day, March 28, 2015. These businesses included Cresco Labs and Illinois Grown Medicine. Both companies had received licenses.

Illinois Grown Medicine was partly owned by lobbyist Paul Rosenfeld, a friend of former Illinois Governor Rod Blagojevich.<sup>211</sup>

A third company using Kimme’s services, Custom Strains, which was owned by a Chicago strip club owner, had their application put on hold. However, the company was issued a marijuana license in 2016.<sup>212</sup>

Kimme was not shy about showing her access to Rauner. “‘She represented herself as the go-to lobbyist in this new administration,’ a source who collaborated with Kimme on securing a state contract for a client said. ‘Nancy made it clear to us that she was talking with (Rauner’s) staff daily.’”<sup>213</sup>

Kimme had access to Rauner, as did others in her orbit. “‘One of Kimme’s three lobbying firms, Advantage Government Strategies, was formed in partnership with Sarah Clamp, Rauner’s former political director.’”<sup>214</sup>

How successful was Kimme?

A report indicated that since 2015, “‘29 of Kimme’s clients have received 2,878 state contracts worth nearly \$17 billion, in part to her efforts, according to state budget and lobbyist registration records.’”<sup>215</sup>

## **Well-Timed Donations**

Some marijuana companies had more resources and better connections than others did. One of those companies was PharmaCann, LLC. As mentioned earlier, PharmaCann teamed up with influential lobbyists during the licensing process and ended up with more licenses than anyone else. This initial success was parlayed into future profits.

Teddy Scott, who holds a Ph.D. in molecular biophysics and worked as an intellectual property attorney, started PharmaCann. Prominent investors in PharmaCann included philanthropist Stephen and Mary Jo Schuler.<sup>216</sup> Both Scott and the Schulers lived in Oak Park Illinois.

In addition to being philanthropists, the Schulers were very active in Illinois political circles, making hundreds of thousands of dollars in campaign donations to many candidates. Illinois campaign records show that since 2001, the Schuler's donated \$1.09 million to political candidates and committees. Almost \$1 million or 86 percent of these donations happened in 2017 or after.<sup>217</sup>

The restrictive nature of the Illinois pilot program was a limiting factor in how much money companies like PharmaCann could make. But a move to expand the number of people who could purchase medical marijuana got underway in 2017.

On October 27, 2017, Illinois State Senator Don Harmon announced his plans to introduce a measure that would allow people prescribed opioids for a medical condition to apply for a temporary medical cannabis card instead.<sup>218</sup> This approach was "expected to attract tens of thousands of new patients and generate hundreds of millions in additional sales."<sup>219</sup>

Beginning in 2017, campaign records show that Schuler's donations flowed to candidates that were in a position to influence the opioid bill.

Senator Don Harmon, who lived in Oak Park, Illinois, had long been the beneficiary of the Schulers' political donations. From 2001 to 2016, Harmon received \$32,420 in campaign donations from the Schulers.<sup>220</sup>

However, the Schulers' donations to Harmon would increase substantially during the period from September 2017 to December 2019—to \$125,600.<sup>221</sup>

Other Senate sponsors of the opioid bill also raked in donations.

Illinois State Senator Dan Biss, who announced his Illinois gubernatorial campaign on March 20, 2018, received \$305,000 in campaign donations from the Schulers within a four-week period beginning on February 14, 2018.<sup>222</sup>

Biss was added as a sponsor to the opioid bill on February 20, 2018.<sup>223</sup>

Illinois State Senator Kwame Raoul, who launched his campaign for Attorney General of Illinois in September 2017, received a \$75,000 donation from Stephen Schuler on February 26, 2018. Raoul signed on as a "Chief Co-Sponsor" of the opioid bill on February 7, 2018. He received another \$75,000 on September 4, 2018.<sup>224</sup>

The donations by the Schulers during this two-year period paralleled donations made by PharmaCann LLC. From July 2017 to December 2019, PharmaCann donated \$47,000 to politicians' campaigns in Illinois. PharmaCann donated \$16,000 to Senator Don Harmon and \$3,500 to the President of the Illinois Senate, John Cullerton.<sup>225</sup>

On August 28, 2018, the bill was signed into law.<sup>226</sup> On January 21, 2019, the Marijuana Business Daily reported that "allowing medical cannabis as an alternative to opioids in Illinois could yield \$100 million-\$400 million in additional sales from tens of thousands of new patients."<sup>227</sup>

## The Pritzker Promise

The marijuana landscape in Illinois was about to change.

Once billed as having one of the most restrictive laws related to marijuana use in the United States, Illinois would become one of the first states to legalize recreational marijuana use through legislation instead of voter referendum.<sup>228</sup>

How did this happen?

When J.B. Pritzker decided to run for Illinois governor, he made his position on marijuana clear. He said, “We need to act. Let’s legalize marijuana. Let’s regulate it to make it safe. Let’s tax it. Let’s reinvest in the hardest hit communities.”<sup>229</sup>

Pritzker, a billionaire, went on to win his self-funded gubernatorial campaign and he began to lay the groundwork to fulfill his campaign promise.<sup>230</sup> Before his victory, a different Pritzker was involved with the legislative process that would ultimately produce the bill the newly elected governor would sign.

The Marijuana Policy Project (MPP), a leading cannabis policy reform group, was “credited by the sponsors of the Illinois legislation as having helped write the bill.” Joby Pritzker, a second cousin to J.B. Pritzker, was a board member of the group.<sup>231</sup>

Joby Pritzker also had financial ties to businesses that profit from marijuana sales. Pritzker was an investor in MJ Freeway, a cannabis industry software company, PAX labs, a cannabis vaporizer company, and Arcview, a cannabis investment company run by one of his fellow MPP board members.<sup>232</sup>

The MPP was also a part of a group of political donors that made \$13,000 in contributions to state Rep. Kelly Cassidy of Chicago, a co-sponsor of the legalization bill.<sup>233</sup>

After his victory, Gov-elect Pritzker created and made appointments to transition committees. These appointments included people with ties to the industry. Pritzker appointed Mark de Souza, the CEO of Revolution Enterprises, to the transition committee that would advise him on agricultural issues.<sup>234</sup>

Pritzker also created the Cannabis Legalization Subcommittee—the group charged with providing implementation recommendations related to legalizing cannabis.<sup>235</sup>

Pritzker appointed Charles Bachtell, co-founder and CEO of Cresco Labs, which was a national marijuana company with a significant presence in Illinois.<sup>236</sup> An Illinois business publication listed Cresco Labs as one of the five companies that “stands to profit under a pro pot governor.”<sup>237</sup> Bachtell, at the time of the appointment, was also an adjunct professor at the Northwestern University Pritzker School of Law teaching classes related to the “emerging cannabis industry.”<sup>238</sup>

Joby Pritzker and the MPP board met with the Cannabis Legalization Subcommittee to discuss the legalization legislation.<sup>239</sup> Shortly thereafter, Gov. Pritzker signed the recreational use legislation into law on June 25, 2019.<sup>240</sup>

The marijuana legalization law included an expungement process aimed at addressing damage done to minority communities. At the end of 2019, Governor Pritzker granted approximately 11,000 pardons for people convicted of possessing less than 30g of marijuana. Officials said that eventually more than

116,000 people convicted of marijuana possession in Illinois could be eligible for a pardon under the new law.<sup>241</sup>

The Marijuana Business Daily projected that marijuana sales under the new law, which would begin on January 1, 2020, could generate up to \$2.5 billion a year.<sup>242</sup> A Pritzker family company was poised to share in this financial windfall.

Through Tao Capital, Joby Pritzker and two other Pritzker family members owned a stake in PAX Labs, which was valued at \$1.7 billion. PAX Labs manufactures vaporizers with a mission to provide a safe way to consume cannabis.<sup>243</sup>

Two months ahead of the vote to legalize marijuana in Illinois, PAX Labs raised \$420 million from global investors. At the time, a spokesperson for the company indicated the value of PAX Labs was \$1.7 billion.<sup>244</sup>

How did the legalization of marijuana in Illinois financially benefit PAX Labs?

In May 2018, PAX Labs sold cannabis vaporizers in approximately fifty locations across Illinois through third party vendors.<sup>245</sup> In 2020, based on the company's website, that number is now over one-hundred and twenty.<sup>246</sup>

Others would also benefit from the groundbreaking legislation.

In July 2019, shortly after Governor Pritzker signed the bill, Kelly Cassidy's spouse Candace Gingrich—a long-time LGBTQ activist and half-sister of Newt Gingrich—was appointed to run Revolution Florida. Revolution Florida is a sister company of the Illinois-based Revolution Enterprises.<sup>247</sup>

"Revolution is fortunate and excited to have Candace join our team," said Revolution CEO Mark de Souza.<sup>248</sup>

However, the appointment was not without controversy.

Representative Cassidy, who co-sponsored the marijuana bill, stated that she does not believe her spouse accepting the position is a conflict of interest, and that she "sought an ethics opinion and got it cleared" by the House ethics officer.<sup>249</sup> In addition, Gingrich would "not have a financial or voting interest in any Illinois-based business license that might be issued to Revolution under the new law for two years."<sup>250</sup>

In October 2019, Mark de Souza, CEO of Revolution Enterprises, joined the Board of Directors of MPP, the same group that, with help from Joby Pritzker, took credit for helping legalize recreational marijuana in Illinois.<sup>251</sup>

## **Missouri**

### ***The Ringleaders***

On November 6, 2018, Missouri voters overwhelmingly passed Amendment 2, which legalized a medical marijuana program.<sup>252</sup> Five months later, in March 2019, the FBI questioned Missouri officials about the new program. Officials from Gov. Mike Parson's administration said that the FBI wanted to discuss the process of awarding "licenses to grow, manufacture and sell medical marijuana products."<sup>253</sup>

A medical marijuana advocate who spoke with the FBI reported months later that the federal officials were looking for "ringleaders" in her city related to the implementation of Missouri's recently passed medical marijuana law.<sup>254</sup>

In 2019, the Missouri Department of Health and Senior Services (MDHSS) announced that it had received over two-thousand applications from businesses seeking facility licenses and collected more than \$13 million in application fees. Beginning in December 2019, the MDHSS issued sixty marijuana-growing licenses, eighty-six marijuana infused products licenses and 192 licenses for medical marijuana dispensary facilities.<sup>255</sup>

In early 2020, FBI agents descended upon Jefferson City to interview lawmakers and lobbyists about Steven Tilley's relationship with medical marijuana companies and Missouri governor Mike Parson. Tilley, the former Speaker of the House who had become a successful, yet controversial lobbyist, had added a number of marijuana related clients since Parson became governor. Tilley, like others, was looking to take advantage of the financial opportunities that would follow the legalization of marijuana in Missouri.<sup>256</sup>

It was estimated that the Missouri medical marijuana market could eventually reach annual sales of \$300 million.<sup>257</sup> Mayor Brian Treece of Columbia, Missouri, while debating the local laws that would regulate the medical marijuana industry in his town, commented in August 2019 that this "is like a modern-day gold rush."<sup>258</sup>

However, before money would flow from the sales of marijuana under Missouri's new law, money flowed in and out of the campaign coffers of powerful politicians and lobbyist bank accounts. And the licensing process would be the focus of a Missouri government oversight investigation, numerous appeals by companies that were denied licenses, and FBI inquiries.

At the center of this controversy was Missouri Governor Mike Parson and his relationship with Steven Tilley.

#### **A New Governor**

Mike Parson was sworn in as Governor of Missouri on June 1, 2018, after the resignation of Eric Greitens.<sup>259</sup> Parson was in position to become governor because of a decision he made two years earlier when he opted not to run for the state's highest office and instead chose to run for lieutenant governor. He was elected on November 8, 2016.<sup>260</sup>



Parson's state political career began when he was elected to the Missouri House of Representatives in 2004, where he served until 2010. He was then elected to the Missouri Senate and served from 2011 through 2017.<sup>261</sup>

The sudden resignation of Greitens, viewed as an outsider by many, provided new opportunities for the well-connected political class in Jefferson City. Parson was described as the "consummate insider" and as someone who would be a friend to lobbyists.<sup>262</sup>

How friendly would Parson be to lobbyists?

Bubs Hohulin, a former Missouri state representative whose relationship with Parson had become strained, criticized his former boss on Facebook in 2016.

"I witnessed him agreeing to propose legislation on behalf of lobbyists who had contributed to his campaign without having any idea what the legislation actually did," wrote Hohulin.<sup>263</sup>

Hohulin's assessment came four years after Parson was caught up in a highly controversial set of transactions with a state representative turned lobbyist named Steven Tilley. It was so controversial it was given a name, the "Tilley Shuffle."<sup>264</sup>

The Tilley Shuffle, which was legal at the time, allowed Tilley to resign from the Missouri House of Representatives in 2012 and to immediately become a lobbyist. Tilley devised a scheme that would convert approximately \$1.1 million in unspent campaign funds into income routed to him and his family. He did this by donating money to politicians who would then hire campaign consulting firms controlled by Tilley or his family.<sup>265</sup>

His first consulting client after leaving elected office was Mike Parson.

Campaign finance records show that four days after Tilley left office, Parson spent \$10,000 in 2012 with Tilley's company and during the same year received \$10,000 in contributions from Tilley.<sup>266</sup>

Over a four-year period, Parson received \$68,000 in campaign donations from Tilley and paid \$185,000 in to consulting companies controlled by Tilley and his family. When questioned about the relationship, Parson said, "It was strictly a business decision for me."<sup>267</sup>

Just months after being sworn-in as governor in June 2018, Parson would face another important "business decision." On November 7, 2018, Missouri voters approved the ballot measure to legalize medical marijuana. The amendment listed specific conditions such as cancer, epilepsy, glaucoma, and others that would meet the threshold for medical marijuana treatment. The amendment also allowed for doctors and patients to petition the state for exceptions.<sup>268</sup>

The vote meant Gov. Parson would have the responsibility of setting up the process that would regulate the medical marijuana industry in Missouri by making appointments to the Missouri Department of Health. Along with these responsibilities came an opportunity for Parson to include friends in this potentially lucrative process. Friends he had developed during his fourteen-year political career.

In December 2018, it was announced that Lyndall Fraker would head up a new division with the Missouri Department of Health and Senior Services (MDHSS). As the Director of Medical Marijuana, Fraker and his team would be responsible for handling regulations and developing the process that award licenses.<sup>269</sup>

At first glance, Fraker's professional background would not seem to be a good fit. Fraker was a Walmart manager for 17 years and had experience as a building contractor and a real estate developer. Due to the lack of a medical background, there was a failed attempt by a Missouri House member to require that a pharmacist hold the position, which would remove Fraker from the job.<sup>270</sup>

However, a closer look at Fraker's time as an elected official reveals political ties that might indicate why Parson selected him for this powerful position.

Fraker was elected to the Missouri House of Representatives in 2010 and served until 2018 when term limits ended his career.<sup>271</sup> In 2010, Fraker was part of an election that helped turn Missouri into a "dark red state."<sup>272</sup> It turns out the Republican political operatives involved with 2010 election were some of the same people involved with the selection of Fraker to be the Director of Medical Marijuana.

Robert Knodell spent four years as Executive Director of the House Republican Campaign Committee during the time Republicans made historic gains in the State House, including Fraker's election.<sup>273</sup>

According to Fraker, it was Knodell, now a top aide for Governor Parson, who, along with MDHSS Director Dr. Randall Williams, had contacted him about the medical marijuana job in 2018.<sup>274</sup>

In addition, Steven Tilley appears to have been an integral part of the 2010 election success along with Knodell. Tilley, who was Missouri House member at the time and a part of the Republican leadership, was given credit, along with Knodell, for the successful election of Republicans to the Missouri House during this time.<sup>275</sup>

After 2010, Tilley and Knodell continued to work together. For example, in 2013 they were part of a team that helped Missouri Senate candidate Casey Guernsey raise money for his campaign.<sup>276</sup>

In addition to Fraker's connections with Tilley and Knodell, Fraker, as a member of Missouri House, would have undoubtedly had a relationship with Parson, who was a Missouri House member when Fraker joined in 2010 and still likely when Parson was a Senator from 2011 to 2017.

With Fraker's appointment, he would become the point person for determining the rules and procedures for marijuana licensing. Those with access to Fraker, like Steven Tilley, would benefit.

### **Tilley Adds Dozens of Marijuana Clients**

Just months before the appointment of Fraker to the medical marijuana position, Parson appointed Aaron Willard, previously Tilley's Chief of Staff, as his Chief of Staff. Tilley sought the appointment of Willard.<sup>277</sup>

Tilley's connections to the governor's office soon began to payoff.

Records indicate his client list grew substantially after Parson became governor on June 1, 2018. Prior to June 1, 2018, Missouri lobbying records show Tilley had twenty-two clients. After June 1, 2018, and before the end of 2018 he added twenty-four clients. From January through June the next year, Tilley added another thirty clients.

This means that during the year after his friend became governor, Tilley's lobbying clients more than tripled, from twenty-two clients to seventy-six clients.<sup>278</sup>

It appears that during this time, Tilley was not the only one interested in the money potentially generated by the new medical marijuana laws.

A visit by the FBI to Jefferson City in March of 2019 was not public until the summer. In July 2019, details about the visit indicated that FBI met with Lyndall Fraker, the newly appointed Director of Medical Marijuana. Fraker described the visit as “friendly.”<sup>279</sup>

The agents told officials that legalizing marijuana “can involve large sums of money, and when there are large sums of money we tend to pay attention.”<sup>280</sup>

That meeting with Fraker came during the same month that MDHSS issued a Request for Proposal (RFP) in search for vendors who could provide information technology solutions for the Medical Marijuana Program. The technology solution tracked patient registries, facility applications, and near real-time information on patient purchases and company inventory.<sup>281</sup>

Twenty companies submitted proposals and Lakeland, Florida-based Metrc was awarded a five-year, \$5 million contract in April 2019.<sup>282</sup> However, one of the losing bidders, BioTrackTHC filed an appeal on April 18, 2019.

Missouri lobbying records show that BioTrackTHC hired Tilley on January 16, 2019, as part of their efforts to win the contract.<sup>283</sup> After the appeal was filed in April, Tilley held a fundraiser to benefit Parson.<sup>284</sup> A copy of invitation indicated Tilley was seeking donations ranging from \$2,600 to \$25,000.

However, the appeal of the decision by BioTrackTHC was denied on May 20, 2019.<sup>285</sup> The fundraiser went on as planned and BioTrackTHC ended their lobbying relationship with Tilley on July 1, 2019.<sup>286</sup>

Tilley’s growth in clients also included many marijuana related businesses seeking cultivation and dispensary licenses. These businesses began coming on board with Tilley in November 2018 and would all be added by the middle of 2019. Included in the group of Tilley marijuana clients was the Missouri Medical Cannabis Trade Association which represented a number of businesses seeking licenses.<sup>287</sup>

The award of the licenses was scheduled to be announced starting in late 2019.<sup>288</sup> It was reported in September 2019, that Tilley was significantly invested in Parson’s bid for re-election in 2020. An analysis of campaign donations to that point indicated that Tilley was responsible for approximately 25 percent of the money raised for Parson’s 2020 campaign. Tilley reportedly had “considerable sway” with the Parson administration through staffers with previous Tilley connections.<sup>289</sup>

In November 2019, ahead of the license awards, a federal grand jury, requested that the Missouri Department of Health and Senior Services turn over all records related to medical marijuana license applications connected to four individuals. The names of the individuals were kept confidential.<sup>290</sup>

The licenses for testing, cultivation, and dispensing marijuana were awarded during a two-month period beginning in December 2019 and ending in January 2020.<sup>291</sup> At least two Tilley clients were among the eighty-six manufacturing licenses awarded. These clients were Beleaf and Bootheel CannaCare.<sup>292</sup> But one of Tilley’s major marijuana clients, the Missouri Medical Cannabis Trade Association (MoCannTrade), scored big.<sup>293</sup> The industry group was tied to approximately two dozen businesses that each won five or more of licenses.<sup>294</sup>

How influential was Tilley over the process?

On January 23, 2020, the Missouri Department of Health and Senior Services (MDHSS) began the “process of the issuing a total of 192 licenses for medical marijuana dispensary facilities.”<sup>295</sup> On Friday, January 24, 2020, DHSS provided a list of those companies awarded and those denied licenses.<sup>296</sup>

On that same day, Missouri lobbyists records show that Beleaf Company hired Steven Tilley. Beleaf had been awarded marijuana licenses in some jurisdictions, but denied in others.

On February 21, 2020, BeLeaf filed an appeal with the DHSS and reached a settlement on April 14, 2020.<sup>297</sup> As of May 20, 2020, Beleaf was still a Tilley client.<sup>298</sup>

BeLeaf would not be the only appeal.

As of March 2020, approximately 850 companies that had been denied licenses had filed appeals with Missouri Department of Health and Senior Services. These appeals came after a government oversight committee in the Missouri House began investigating the licensing process.<sup>299</sup>

In June 2020, amid the appeals and investigations, public records revealed that Steven Tilley had advocated on behalf of his marijuana clients by going directly to the head of the licensing program, Lyndall Fraker via hundreds of emails. And Tilley received prompt responses.<sup>300</sup>

As of July, reports indicate that FBI is still investigating the Missouri marijuana program and the actions of Steven Tilley.<sup>301</sup> And in December, 2020, Lyndall Fraker testified under oath that a grand jury subpoena his office received in 2019 was related to a federal investigation.<sup>302</sup>

## **The Maryland Story**

### ***Delegate Faces Ethics Charges***

What do you get when you combine the “godfather of weed,” a state legislator, and a former executive of a “development empire?” In Maryland, you get a license to sell marijuana.

Advocates in Maryland had been pushing for some form of marijuana legalization for decades. Their goal was realized when legislation was passed to establish a state-regulated medical marijuana program. Then-Governor Martin O'Malley signed the legislation in May 2013.<sup>303</sup>

In 2016, the Maryland Medical Cannabis Commission awarded fifteen preliminary licenses to grow marijuana and fifteen licenses to process the marijuana "into pills, oils and other medical products." Almost 150 grower applications and 124 processor applications were submitted.<sup>304</sup>

The selection process was designed to be unbiased. Applications had the involved individuals' names redacted and were ranked by outside evaluators.<sup>305</sup> However, before the program could get off the ground, a troubling connection between an elected official and a cannabis company, called Doctor's Orders, was revealed.

Reporting indicated that a politician named Dan Morhaim, the Maryland legislature's top sponsor of the medical marijuana legislation, was hired by Doctor's Orders as clinical director for an affiliated dispensary. The conflict would result in an ethics investigation and Morhaim would eventually retire from politics.<sup>306</sup>

Further research would reveal more connections between this company and powerful political players in Maryland. But Doctor's Orders was not the only one. Other companies were also successful in securing political access ahead of their applications for cannabis licenses in Maryland.

For example, Curio Wellness, which was financed by major political donors, recruited a former state trooper as part of the management team. It turns out that the state trooper had personal and professional ties to Governor Larry Hogan's administration and the Maryland Medical Cannabis Commission.

Another company, ForwardGro, had a CEO that fostered a political relationship with Governor Hogan during a critical time in Hogan's political career.

#### **Doctor's Orders**

It is never good when a governor calls for the removal of a legislator. But that is what happened with Maryland Delegate Dan Morhaim.

An ethics investigation found that Morhaim had financial ties to a cannabis company seeking to obtain a license while serving “as a chief architect of Maryland's medical marijuana industry.” The Joint Committee on Legislative Ethics found Morhaim's conduct was "improper because his actions were contrary to the principles of ethical standards."<sup>307</sup>

Morhaim defended himself by arguing he had no inside knowledge or influence that gave the company he was affiliated with a leg up. But the findings fueled outrage from officials who had been involved with implementing laws and regulations to facilitate the development of the industry in Maryland.

Chief among those were Maryland Governor Larry Hogan.

Hogan said, "There's no question in my mind that what was done was completely unethical and...somebody [who] has such complete disregard for the ethics laws of Maryland should be removed from office rather than slapped on the wrist."<sup>308</sup>

At least one official with the Maryland Medical Cannabis Commission charged that Morhaim was actively involved with influencing the process.

Chris Charles, a member of the Maryland Medical Cannabis Commission, in a letter to commission members dated March 16, 2015, wrote that "Morhaim is legislating out many of the regulations we worked hard to put into place for patient safety." Charles added, "He is also influencing the Executive Committee to take out of the regs things he doesn't like."<sup>309</sup>

Delegate Cheryl Glenn, a Baltimore Democrat, who was instrumental in legalizing and fostering growth in the medical marijuana industry, did not pull any punches when commenting on Morhaim's actions.

Glenn said, "He didn't do anything wrong? Oh, please. It's incredulous that all he's getting is a slap on the wrist. ... He definitely has used the power of his position as a legislator. Would Doctor's Orders have been interested in forming a financial relationship with him if he wasn't a lawmaker?"<sup>310</sup>

And just who is Doctor's Orders?

A review of the Doctor's Orders application submitted to the Maryland Medical Cannabis Commission reveals a team of individuals that possess the financial resources, political muscle, and cannabis industry expertise required to navigate the regulatory and private sector challenges facing these start-up companies. An investor and CEO of Doctor's Orders, Glenn Weinberg, is a former executive from the Cordish Companies where he was a prominent developer. Cordish Companies is a Baltimore based multi-billion dollar real estate development and entertainment conglomerate founded in 1910. The company owns and operates casinos in Maryland.<sup>311</sup>

The well-connected Weinberg is still listed on the company's website with a bio that states he is "retired from Cordish in 2006, and is currently pursuing multiple personal business ventures."<sup>312</sup>

Another prominent Doctor's Order's investor was venture capitalist Herbert P. Wilkins Jr. He was the son of Herb Wilkins Sr., an investor in Black Entertainment Television (BET) and Radio One.

Mr. Wilkins is a partner with the Baltimore-based Syncom Venture Partners. According to his bio, he has also "participated in the investment and development of companies across a wide range of segments of the Media and Communication Industry." He served on the board of directors of the Network for Teaching Entrepreneurship (NFTE) in Baltimore, and currently "serves on the board of directors of a number of Syncom-portfolio companies including IVT, Si-TV, and TMX Interactive."<sup>313</sup>

Complementing the Maryland expertise was the involvement of investors Brian Vicente and Christian Sederberg. Sederberg, labeled the "godfather of weed" by a Colorado newspaper, started with Vicente what Rolling Stone magazine called "the country's first powerhouse marijuana law firm."<sup>314</sup>

According to reports, he and Vicente “were on the weed bandwagon before Colorado legalized recreational marijuana sales in 2012. Vicente-Sederberg opened as a marijuana legal practice in 2010. Now they’re recognized as industry leaders in business and regulatory affairs for the cannabis industry, from real estate and private equity to trade groups and local advocacy.”<sup>315</sup>

Enter Maryland Delegate Don Morhaim.

Morhaim, who was advocating for the legalization of medical marijuana years before his tangled relationship with Doctors Order’s, stated in 2013, “if Maryland does not broaden its position on medical marijuana, residents suffering from severe cases of cerebral palsy, multiple sclerosis and other chronic illnesses may choose to seek treatment elsewhere.”<sup>316</sup>

Despite his altruistic motives, the fallout from Morhaim’s involvement with Doctors Orders was severe. In 2017, House Speaker Michael E. Busch removed him from a health policy committee post that Morhaim held for fourteen years.<sup>317</sup> Then the Maryland House of Delegates voted 138-0 to reprimand Morhaim “for using his position to advocate for changes in the state’s medical marijuana program.”<sup>318</sup>

Even one the Doctors Order’s officials turned on Morhaim. Jeff Black, who was listed in the original application for a license, stated “He assured us everything was legit. It turns out everything wasn’t completely legit.”<sup>319</sup>

In early 2018, Morhaim announced he would not run for re-election. The 70-year-old lawmaker, who was first elected to Maryland House of Delegates in 1994, chose to retire and end his political career.<sup>320</sup>

## **Curio Wellness**

While Maryland Governor Larry Hogan was critical of Maryland Delegate Don Morhaim’s ethical lapses regarding Doctor’s Orders, it appears Hogan had issues of his own with cannabis companies seeking licenses. These issues begin with Curio Wellness.

A review of the Curio Wellness application submitted to the Maryland Medical Cannabis Commission shows Doug DeLeaver listed as an agent/processor as of November 2, 2015.<sup>321</sup> Specifically, DeLeaver, who had forty years of law enforcement experience, was listed as a part of the management team as the director of security.<sup>322</sup>

Was it his security credentials or his political connections to Governor Larry Hogan that provided the most value to Curio Wellness?

DeLeaver was appointed to Governor Hogan’s transition team in November 2014, before appearing on the Curio Wellness application. In April 2015, DeLeaver was appointed by the Hogan administration to a newly created \$107,429 a year position with the Maryland Transit Administration.”<sup>323</sup>

In addition to his own connections to Governor Hogan, DeLeaver’s family members also had easy access to Hogan. His daughter, Shareese N. DeLeaver Churchill, is listed as a Press Secretary in the governor’s administration.<sup>324</sup> Her husband, Ellington Churchill, also had a job in the Hogan administration.

In July 2016, Governor Hogan selected Churchill to be the Secretary of the Department of General Services. The position was responsible for managing a budget of \$100 million and 600 employees.<sup>325</sup>

DeLeaver also had ties to the Executive Director of the Maryland Medical Cannabis Commission, Patrick Jameson, with whom he had worked as a state trooper.<sup>326</sup>

Governor Hogan appointed Jameson to that position in April 2016. The *Washington Post* reported that the “appointment comes at a critical time for the Medical Cannabis Commission, which is managing a deluge of applications from businesses seeking licenses to grow, process and sell medical marijuana.”<sup>327</sup>

Beyond the political connections of DeLeaver, the Curio Wellness team included a wealthy, high-profile investor.

The main force behind Curio Wellness is Michael Bronfein, who raised \$30 million for the company. He is described as a “healthcare entrepreneur” and is involved with Baltimore’s Horseshoe Casino. He is also a Democratic donor who has close ties with former President Bill Clinton and other national Democratic candidates. He was campaign finance chair for Kathleen Kennedy Townsend, the 2002 Democratic Maryland gubernatorial nominee.<sup>328</sup>

### **ForwardGro**

Another well-connected company that received a license from the Maryland Medical Cannabis Commission was ForwardGro.

ForwardGro is led by successful businessman Gary Mangum.<sup>329</sup> Mangum is President and CEO of Bell Nursery USA. Bell is a wholesale plant grower and distributor with headquarters in Elkridge, Maryland, just outside of Baltimore. The company has offices and greenhouses in six states and ships tens of millions of plants annually—sold exclusively through the Home Depot.<sup>330</sup>

It also turns out that Mangum has close ties to Governor Larry Hogan and the Maryland Republican party.

The ForwardGro group includes Mike McCarthy, Mangum’s former business partner at Bell, and former Anne Arundel County sheriff George Johnson who was a former Democratic candidate for county executive.

Before submitting the ForwardGro application to the Maryland Medical Cannabis Commission, media reports and campaign records show that Mangum cultivated a close political relationship with Larry Hogan.

“Executives of ForwardGro have given more than \$195,000 in political donations in recent years, with Mangum personally giving three-fourths of that sum since 2007.”<sup>331</sup>

Campaign donation records show that in April 2014, Gary Mangum and his wife Sonia donated \$5,000 to Hogan’s Change Maryland committee that eventually helped finance Hogan’s successful campaign for governor.<sup>332</sup>

In May 2014, Mangum was named Republican of the Year at the Reagan Day Dinner in Queen Anne’s County, outside of Baltimore.<sup>333</sup> An appointment to Governor-Elect Hogan’s transition team in December 2014 followed that honor and the donations earlier that year.<sup>334</sup>



The campaign money from Mangum continued to flow after Hogan's election. Records show that in June 2015, Gary Mangum donated \$6,000 to "Larry Hogan for Governor." This was followed by a \$6,000 donation by Mangum's wife in October.<sup>335</sup>

Mangum's efforts to help Hogan were not limited to financial resources.

While the ForwardGro application, which was filed in November 2015, was under consideration by the Maryland Medical Cannabis Commission, Mangum continued to offer his help to Hogan and Maryland Republicans.

Ahead of the 2018 elections, Hogan, who was not up for election until 2020, began to campaign in non-traditional Republican areas in Baltimore in an attempt to increase his appeal to suburban voters. In 2016, Hogan helped secure various resources to help the struggling Martin Luther King Jr. Recreation Center in the Baltimore neighborhood of Franklin Square. And Gary Mangum was there to help.<sup>336</sup>

ForwardGro was awarded the first license to grow marijuana in Maryland in May 2017.<sup>337</sup> And in May 2018, Mangum donated \$20,000 to the Maryland Republican Governor's Association at a time when their efforts were focused on the re-election of Governor Larry Hogan.<sup>338</sup>

## **The Washington State Story**

### ***The Cannabis Cops***

Where other states have experienced problems from influence peddling by politicians, commercial interests and lobbyists, Washington State's history with legalization of marijuana primarily involves regulatory power struggles. Unlike other states that approved very limited, tightly controlled licensing of cannabis for medical and later recreational uses, Washington opened its doors widely at first, and dealt with the regulatory issues later.

The story begins in 1998 when Evergreen State voters approved Initiative 692 and became one of the first in the nation to enter the medical marijuana industry.<sup>339</sup> In those early days, there was "no consideration given to licensing or zoning," which led to a thriving medical cannabis industry with almost no structure.<sup>340</sup> Even the initiative's main sponsor, Sen. Jeanne Kohl-Welles, admitted the law had problems that would need to be fixed.<sup>341</sup>

Over the years, legislators in the state proposed and adopted piecemeal measures to improve its marijuana laws as the industry continued to expand, moving from personal grows and collective gardens to retail medical dispensaries. Growth peaked in 2015, with at least 1,100 such dispensaries, before falling to a total of 565 licensed locations in 2020, of which 278 were medically endorsed stores (163 active and 115 inactive).<sup>342</sup>

The biggest change would come thirteen years after medical use legalization, in 2011 when citizens petitioned the state legislature to allow limited use of recreational marijuana for adults 21 and over. After the legislature took no action, Initiative 502 (I-502) was automatically placed on the November 2012 ballot. It passed with nearly 56 percent of the vote.<sup>343</sup>

Enforcing this new law became the responsibility of the Washington State Liquor Control Board (WSLCB), a regulatory agency created in 1933 to enforce liquor laws after the end of Prohibition. WSLCB's regulatory powers were extended to include cannabis.<sup>344</sup> The agency was renamed the "Washington State Liquor and Cannabis Board," (keeping the same acronym) and it began to oversee the licensing and regulation of marijuana production, processing, and sales.<sup>345</sup>

The WSLCB and the state's governor took the lead in asking then-Attorney General Eric Holder for guidance on marijuana enforcement matters.<sup>346</sup> The "Cole Memo," written by Deputy U.S. Attorney General James Cole in August 2013, was sent to all U.S. Attorneys and focused on marijuana enforcement guidelines, urging states and local governments to implement "strong and effective regulatory and enforcement systems" regarding cannabis.<sup>347</sup>

Just weeks later, the Association of Washington Cities (AWC), a nonprofit that represents Washington's cities and towns, met behind closed doors with the LCB and many other "partners," including the Criminal Justice Training Commission (CJTC), the Washington Association of Sheriffs & Policy Chiefs, and several other agencies that were receiving federal grant money.<sup>348</sup>

Two state residents, John Worthington and Arthur West, took the LCB to court in separate filings over breaking open meeting laws, specifically citing the board's meetings with AWC in 2013.<sup>349</sup>

The three-member LCB board had traveled around Washington to hold public hearings, but would use the trips to meet privately with "local police, officials and prevention groups."<sup>350</sup> In his suit, Worthington argued that these groups, all federal grant recipients, were enabled by the LCB to use federal grant funding for lobbying purposes.<sup>351</sup> An investigation found that the board broke the state's open public meetings law seventeen times, and the board agreed to pay \$192,000 to settle the West suit in late 2014.<sup>352</sup>

As the LCB was increasing its reach, it was also being watched closely by some members of the legislature prior to the implementation of I-502. In mid-2013, Senator Kohl-Welles wrote to her colleagues about the LCB's future involvement under the new framework and was "concerned that we would be handing over too much of our responsibility to a regulatory agency."<sup>353</sup>

According to the cannabis industry, the LCB has infringed on patients' rights, used extremely tough enforcement, and conducted arbitrary and unfair licensing practices. They have faced countless lawsuits and complaints, and the LCB's "toxic culture" has been cited by Washington lawmakers as a serious concern.<sup>354</sup>

## **Patients' Rights Concerns**

By early 2015, there were public concerns about how the legislature would act regarding the new framework addressing medical and recreational use. The governor signed the Cannabis Patient Protection Act the same year. The act overhauled the medical cannabis industry in Washington, merging the nearly twenty-year-old medical industry with the new recreational industry, all under the stricter rules required by I-502.<sup>355</sup>

Proponents of I-502 insisted that medical cannabis patients would not have their rights affected by the merger, up until it passed. Ironically, the Cannabis Patient Protection Act did not do what its name indicated, as patients were virtually stripped of their rights.<sup>356</sup>

The medical cannabis market was "a perceived threat to the state's expected tax revenues from I-502," but combining the two industries under one system would mitigate this threat.<sup>357</sup> With the 25 percent imposed excise tax, the first fiscal year post-recreational legalization alone brought in \$65.71 million to the state's coffers (from July 1, 2014 to June 30, 2015).<sup>358</sup>

State revenues from the marijuana excise tax easily outpaced initial projections, growing six-fold to a whopping \$395.5 million in 2019.<sup>359</sup>

The intent of I-502 was to steer this new revenue towards basic health services, prevention and treatment programs, research, and education. The initiative also allowed the LCB to review established tax levels and make recommendations to the legislature when it believed the level should be adjusted.<sup>360</sup>

Starting in 2015, the tax rate for adult-use cannabis increased to 37 percent. Overall, Washington State has collected over \$720 million from retail cannabis sales through the end of 2018, and over \$1.3 billion in income and license fees (including penalties) through fiscal year 2018-2019.<sup>361</sup>

Early in the implementation of I-502, legislators, advocacy groups, and constituents (particularly medical patients) were concerned with what would happen to the industry because of the new law. If the medical market remained as wide open as it was, it could be problematic for the recreational industry.<sup>362</sup> At the same time, some patients and medical marijuana advocates expressed serious concerns that the merger into the “highly regulated recreational system” would cut medical dispensaries by more than half, limiting their access to (originally tax free) medical cannabis.<sup>363</sup>

In 2013, the hybrid system limited adults to a single ounce of recreational cannabis, while the medical system initially had allowed patients to possess a pound and a half.<sup>364</sup> The state created a “voluntary” registry with an incentive: patients who signed up were able to possess more medical cannabis.<sup>365</sup> Prior to this, Washington State was the only state without a patient database, so no one knew how large the industry had become.<sup>366</sup> Estimates for medical marijuana users in the state ranged from 100,000–400,000.<sup>367</sup>

Patients who registered received higher tax breaks and possession limits, and could now legally hold up to three ounces and six plants, instead of the previous pound-and-a-half. Those who did not register would be permitted the same single ounce of marijuana as other adults 21 and older, and allowed to cultivate up to four plants. This significant limit meant that those previously allowed to hold 20 ounces and 15 plants would now be seen as committing a felony.<sup>368</sup> The law provided them no protection from arrest, but did allow them to use their previous medical use condition as a defense at trial.<sup>369</sup>

There have been issues with the traceability system ever since, from the data breaches that leaked confidential patient information in 2016 to the temporary halted access in 2019.<sup>370</sup> As of early 2020, these issues have cost the state nearly \$2 million in payments to the company running the database, MJ Freeway.<sup>371</sup>

There was at least one federal lawsuit over patients’ rights concerns. A doctor and his patient sued over concerns that Cannabis Patient Protection Act would tamper with the ability for the doctor to prescribe and, subsequently, for the patient to receive his medical cannabis when it was needed.<sup>372</sup> Rallies and demonstrations occurred in opposition to the bill, led by patients and advocacy groups. Petitions were created (preceding and following the bill’s passage) by patients who felt that their rights were violated, but these efforts were unsuccessful.<sup>373</sup>

## **Tough Enforcement: The Liquor and Cannabis Board and Their “Cop” Authority**

When the LCB was created in 1933, the duty to enforce state liquor laws was placed on “peace officers” via the Washington State Liquor Act.<sup>374</sup> In 1939, the Intoxicating Liquors Act gave authority to “liquor enforcement officers” to serve and execute warrants and to make warrantless arrests when they observed a violation. These officers, as opposed to standard peace officers, had limited jurisdiction to enforce only violations of “the penal laws of this state relating to the manufacture, importation, transportation, possession, distribution and sale of liquor.”<sup>375</sup>

The need for better enforcement rules has been a concern since at least the mid-2000s. At the time, a governor-appointed Citizens Review Panel found that the training received by liquor enforcement officers was insufficient. The LCB was training enforcement officers at a mere 220 hours, while the state training standard for regular law enforcement officers is 720 hours. The panel proposed that the LCB provide liquor enforcement officers with the standard 720-hour officer training in Washington State.<sup>376</sup>

The LCB started a limited training called Basic Law Enforcement Academy – Limited Authority. This curriculum included basic law enforcement training and specialized knowledge and skills training based on the job duties unique to the LCB’s officers.<sup>377</sup> The limited-authority training meant that officers could not transfer to other law enforcement jobs, since they would not have full enforcement credentials.<sup>378</sup>

The adoption of this “limited-authority” training only created more confusion. Liquor enforcement officers continued to operate under false direction that they were authorized to carry guns and issue warrants like regular police. These officers also adopted uniforms and jumpsuits that said “police,” installed red and blue police lights in vehicles, and worked side by side with general authority agencies.<sup>379</sup>

Throughout the 2010s, the LCB continued to push for greater authority, especially to address the problem of black markets.<sup>380</sup> A 2013 bill would have added LCB to the formal list of Washington law enforcement agencies, and defined its officers as “criminal justice personnel” and “law enforcement personnel.” After that bill failed, another bill considered in the following year would have allowed LCB officers who did not complete BLEA academy training to take an “equivalency course” in order to receive full peace officer certification. That bill also failed.<sup>381</sup> More efforts followed – and failed – until 2017.<sup>382</sup>

In that year, the LCB decided to do it on its own, without the legislature’s approval. In late 2017, the LCB created its own policy certifying liquor control officers as “peace officers,” giving them full policing authority separate from the penal system in Washington.<sup>383</sup>

To do this, the LCB relied on documents drafted by a third party called LEXIPOL, which creates policy manuals for law enforcement agencies nationwide.<sup>384</sup> By implementing its own policies surrounding enforcement, LCB raised citizen concerns that its officers now appear to have the same authority as regular police. More specifically, this means expanded power to enforce crimes not within the specific scope of enforcing liquor, tobacco, or cannabis laws and regulations.<sup>385</sup>

Since then, the agency has conducted criminal investigations and served warrants. Judges who sign these warrants are under the mistaken impression that the LCB’s officers have the legal authority to enforce laws, since they act like typical police. This issue is controversial because the LCB is a regulatory agency that has not been granted legal policing authority.<sup>386</sup>

However, in 2017, an armored car deployed in the small town of Blaine near the Canadian border drew a lot of attention in Washington State. Officers from the Blaine Police Department, the county’s Special Weapons and Tactics (SWAT) team, and WSLCB officers executed a search warrant obtained by the LCB. They confiscated a mere ten plants.<sup>387</sup>

In late 2019, a cannabis bus was raided by the LCB. LCB officers operating undercover requested a place to smoke marijuana, then revealed they were LCB officers, and proceeded to arrest the organizers.

According to the bus owner, the marijuana seized was within the legal limit, and the vehicle was on private property out of public view.<sup>388</sup>

In December 2019, an independent review of WSLCB's activities was completed by Hillard Heintze, an Illinois-based consulting company, at the request of the LCB itself.<sup>389</sup> The firm found that current policies "reflect law enforcement strategies, rather than those specifically developed for regulatory agencies." The review found several inconsistencies in practices within the agency, a lack of transparency towards licensees, chain-of-command issues, and an overall need for a cultural change.<sup>390</sup>

Licensees interviewed for the review perceived some officers as anti-cannabis. Many resented the "tactical-style uniform" that the officers wear, believing SWAT officers "were raiding their business." Licensees reported they feared reporting any mistreatment by LCB, concerned that officers would target their businesses and issue violations in retaliation. Business owners said that while some officers are helpful, others take a strong enforcement approach, writing up "even the smallest violations."<sup>391</sup>

The Hillard Heintze report included 18 recommendations, primarily focused on resolving the "enforcement philosophy" the LCB has so adamantly maintained.<sup>392</sup> The report emphasized what has been true since the agency's inception – the LCB is a *limited* law enforcement agency, and its officers are "not recognized as fully commissioned police officers in the State of Washington."<sup>393</sup>

In response to the report, LCB leadership suggested a new approach: that the LCB gradually reduce the number of officers allowed to carry firearms to 50 percent. The current plan is to create a new group within the Cannabis Enforcement/Education Unit that would "consist of unarmed, non-commissioned employees whose key objective will be to educate and work collaboratively with licensees to achieve compliance."<sup>394</sup> Again, the LCB chose an approach that allowed it to maintain its heavy-handed enforcement strategies, weapons and tactical uniforms included.

## **Arbitrary and Unfair Licensing Practices**

The legislation passed in April 2015 gave the board authority to license new stores in the recreational industry. Priority for licensing was to be given to established medical players that were seen as "good actors." Several longtime medical marijuana retailers that were denied recreational licenses sued the LCB in early 2016. These retailers argued they all had a good track record of obeying rules and paying taxes, but claimed regulators were instead giving priority to brand new applicants.<sup>395</sup>

Seattle dispensary owner John Davis was one such plaintiff. He sued the LCB for implementing an "unfair and sloppy transition process" from the state's original medical-only industry. While Davis was one of the first to submit his application for a recreational license, he received no response because, it turned out, because his email contact address had been entered into the system incorrectly. Unfortunately, by the time the error was corrected, the 21 additional licenses allotted under the law for Seattle had all been awarded.<sup>396</sup>

Ty Camp, the owner of Sifton-based cannabis farm Sunshine Farms, has been in a legal dispute with the LCB for several years.<sup>397</sup> In 2017, an LCB officer wrote a report suggesting that Camp was connected with drug cartels, involved in money laundering, and had made fraudulent bank deposits. Camp sued, saying the LCB gave him no chance to tell his side, but nevertheless agreed to pay a \$125,000 settlement to

“resolve violations of misrepresentation of fact, failure to provide records and not having his landlord on the license.”<sup>398</sup>

The three-member board rejected this settlement offer, taking it to trial which Camp’s attorney says, “will cost more than \$150,000 and could result in the loss of his grower’s license.”<sup>399</sup> The LCB officer’s allegations also cost his wife her job. She was fired from her position as assistant VP and financial center manager at Bank of America because of the money-laundering accusations against her husband.<sup>400</sup> Camp made three settlement offers, all of which were rejected by the LCB’s board.<sup>401</sup> Following a trial that was held at the end of June 2020, three years after the initial alleged violations, a superior court judge granted Mr. Camp his stay. His dispensary is now allowed to operate.<sup>402</sup>

### **Uncle Ike’s Pot Shop**

On September 23, 2014, the LCB issued a recreational marijuana license to Uncle Ike’s Pot Shop (Uncle Ike’s). On September 30, Uncle Ike’s opened for business in Seattle’s Central District and became the city’s second “official” pot shop. Uncle Ike’s is owned by Ian Eisenberg, who would become locally known as “the king of pot” when Uncle Ike’s eventually grew into the second most profitable shop in the state.<sup>403</sup>

But, on October 23, Mt. Calvary Christian Center and other parties filed suit against the LCB and Uncle Ike’s.<sup>404</sup>

The church’s lawsuit alleged that because of its close proximity to Joshua Generation Teen Center, a small public park, and to Mt. Calvary’s church building, the LCB should not have granted a license to Uncle Ike’s. The shop was a mere three feet from the church and across the street from the Teen Center. The lawsuit also claims that neither the LCB nor the city informed anyone in the community of Uncle Ike’s application for a license, as required by state law. Because of this, the parties claimed that they were denied due process of law to voice their objection to the license.<sup>405</sup>

On October 30, it was revealed that the LCB had sent a letter to the Mayor’s office three months earlier, fulfilling its legal requirements. The Mayor’s office, however, failed to respond within the required 20-day window. It appears that this was the reason why the community was not informed and caught off-guard. Therefore, the application process moved along unimpeded.<sup>406</sup> Mt. Calvary’s pastor, Reggie Witherspoon, is a highly respected and active member of the community. He founded youth outreach programs and served as a chaplain for the Seattle Fire Department. Despite his accomplishments and investments in his community, the city, the state, and the LCB disregarded his concerns about Uncle Ike’s potential negative impact on a community with a rough history of drug violence and abuse.<sup>407</sup>

Nevertheless, Mt. Calvary and the other parties quietly dropped their lawsuit in May 2015.<sup>408</sup>

Uncle Ike’s has remained a sore subject between the Central District community and Eisenberg and the state’s gentrification efforts. Local activists have protested the shop’s location and charged that a well-off white business owner was profiting from “the exact same thing that many poor people of color are still in jail for.” Black Lives Matter protesters have stopped at the shop on multiple occasions, objecting to the sale of legal marijuana in a place black men were commonly arrested when marijuana sales were

still illegal. They also petitioned then-Mayor Ed Murray, the Washington State House Representatives, and even Washington Governor Jay Inslee, but to no avail.<sup>409</sup> Years of gentrification have even forced Mt. Calvary, the iconic church that has served as a staple of the Central District community for decades, to put itself up for sale in April 2019.<sup>410</sup>

## **Discrimination Lawsuit**

In March of this year, members of a group called Black Excellence in Cannabis filed a lawsuit claiming that the state is benefiting from licensing procedures at the expense of the African American community.<sup>411</sup> The group points to Cloud 9, a dispensary whose Priority 1 ranking was reassessed to Priority 3 in 2016 for “inaccurate reporting and insufficient payments,” according to the LCB.<sup>412</sup> After this reassessment, which occurred outside of the two-week window following the initial assessment, Cloud 9 was denied the ability to appeal, leading to their disqualification from proper recognition.<sup>413</sup>

Under the policy at the time, LCB could only consider Cloud 9’s application based on evidence from the Department of Revenue, to confirm the applicant was up to date on all applicable taxes and fees. LCB did not have the authority to judge Cloud 9’s application requiring evidence from the Department of Labor and Industries and the Employment Security Department, yet the LCB moved forward anyway. The rule change requiring those new standards was unenforceable at the time and was not in effect before June 18, 2016.<sup>414</sup>

However, at least one other business that applied for licensing in the same time period was approved as Priority 1 using the same licensing qualifications. The difference: that businesses was owned by a white applicant. One member of Black Excellence in Cannabis complained, “The most disturbing and frustrating thing is that after denying our applications the WSLCB approved a white woman from Peter’s Medical Marijuana Collective Garden for a license, with the exact same paperwork.”<sup>415</sup>

Practices like these may have contributed to a lack of diversity in the state’s cannabis industry and a perception that Washington has not tried to address it.<sup>416</sup> But, as it turns out, Washington’s legislature just created the state’s first-ever social equity program for cannabis, signed into law by Governor Jay Inslee in March of this year.<sup>417</sup>

According to recent numbers provided by the LCB, 1 percent of marijuana producers and processors in Washington identify as Black, compared with a 4 percent statewide population. The board’s numbers also suggest that only 3 percent of licenses in the state belong to primarily black-owned companies, although Black Excellence in Cannabis suggests the numbers could be outdated and even lower.<sup>418</sup>

Moreover, LCB’s defenders responded that dispensary owners who were previously involved in the illicit cannabis industry were “being treated with suspicion and as criminals.” Coupled with the Cloud 9 lawsuit, it appears that the LCB is being compelled to address issues surrounding discrimination.<sup>419</sup>



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# Motor Vehicle Deaths in 2020 Estimated to be Highest in 13 Years, Despite Dramatic Drops in Miles Driven

A 24% spike in roadway death rates is highest in 96 years; NSC calls on President Biden to commit to zero deaths immediately.

March 04, 2021

Itasca, IL – For the first time since 2007, preliminary data from the [National Safety Council](#) show that as many as [42,060 people are estimated to have died](#) in motor vehicle crashes in 2020. That marks an 8% increase over 2019 in a year where people drove significantly less frequently because of the pandemic. The preliminary estimated rate of death on the roads last year spiked 24% over the previous 12-month period, despite miles driven dropping 13%. **The increase in the rate of death is the highest estimated year-over-year jump that NSC has calculated since 1924 – 96 years.** It underscores the nation’s persistent failure to prioritize safety on the roads, which became emptier but far more deadly.

An estimated [4.8 million additional roadway users were seriously injured](#) in crashes in 2020, and the estimated cost to society was \$474 billion. With the alarming picture painted by these data, NSC is urging President Joe Biden and Transportation Secretary Pete Buttigieg to commit to zero roadway deaths by 2050 – a call NSC and more than 1,500 other organizations and individuals made in January [in a letter to the new administration](#).

“It is tragic that in the U.S., we took cars off the roads and didn’t reap any safety benefits,” said Lorraine M. Martin, president and CEO of the National Safety Council. “These data expose our lack of an effective roadway safety culture. It is past time to address roadway safety holistically and effectively, and NSC stands ready to assist all stakeholders, including the federal government.”

States also experienced dramatic swings in fatalities from year to year, according to the NSC preliminary data. Estimates indicate that only nine states saw a drop in deaths: Alaska (-3%), Delaware (-11%), Hawaii (-20%), Idaho (-7%), Maine (-1%), Nebraska (-9%), New Mexico (-4%), North Dakota (-1%) and Wyoming (-13%).

Eight states experienced more than a 15% increase in the estimated number of deaths last year: Arkansas (+26%), Connecticut (+22%), District of Columbia (+33%), Georgia (+18%), Mississippi (+19%), Rhode Island (+26%), South Dakota (+33%) and Vermont (+32%).

A first step toward zero deaths is to Double Down on What Works, [according to guidance](#) released by the Road to Zero Coalition and NSC in 2018. Some of the immediate life-saving measures that would set the nation on a [road to zero](#) deaths include:

- Equitable implementation of roadway safety laws, policies, procedures, infrastructure improvements [is sorely needed](#). Communities of color are disproportionately impacted by motor vehicle crashes, roadway policies, lack of access to public transportation and poor infrastructure, among other critical elements that make a safe system.
- Mandatory [ignition interlocks](#) for convicted drunk drivers, lowering state BAC levels to .05 and [better education](#) about the nature of impairment and when it begins
- [Lowering – not raising – speed limits](#) in accordance with roadway design, using a safe system approach
- Installation and use of [automated enforcement](#) to support safe speeds and [adherence to traffic lights](#)
- [Laws banning all cell phone use](#) – including hands-free – should extend to all drivers, not just teens. States with existing bans need to upgrade enforcement from secondary to primary.
- [Seat belt laws](#) should be upgraded from secondary to primary enforcement and restraint laws should extend to every passenger in every seating position, in all kinds of vehicles
- All new drivers under 21 – not just those under 18 – should adhere to a [three-tiered licensing system](#) for novice drivers
- Automated Driver Assistance Systems (ADAS) that have life-saving potential should be [standardized and accelerated](#) into the fleet
- Motorcycle [helmet laws should be passed or reinstated](#)
- Communities and municipalities should [adopt comprehensive programs](#) for pedestrian and bicyclist safety

Motor vehicle fatality estimates are subject to slight increases and decreases as data mature. The National Safety Council uses data from the National Center for Health Statistics, an arm of the CDC, so that deaths occurring within 100 days of the crash and on both public and private roadways – such as parking lots and driveways – are included in the Council’s estimates.

The National Safety Council has calculated traffic fatality estimates since 1913. Supplemental estimate information, including estimates for each state, can be found [here](#).

### **About the National Safety Council**

The National Safety Council is America’s leading nonprofit safety advocate – and has been for over 100 years. As a mission-based organization, we work to eliminate the leading causes of preventable death and injury, focusing our efforts on the workplace, roadway and impairment. We create a culture of safety to not only keep people safer at work, but also beyond the workplace so they can live their fullest lives.

## **CONCERNS WITH CANNABIS CONSULTING FIRMS LIKE HdL**

*“Regulation around cannabis business activities involves a thorough and careful analysis of the impact on youth and families, which is why the process of regulating through the Town Council is so important,” Fernandez said. “Uninformed policy can be damaging to youth and the entire community and said that the proposed unlimited number of consumption events “would create a culture of normalization which has been shown to increase youth use of cannabis.”*

The following is an article regarding Kelsey’s efforts to oppose Development Agreements with the pot industry: <https://www.marinij.com/2018/06/03/fairfax-pot-bloc-eyes-ballot-to-break-regulatory-stasis/>

## **SOME ISSUES TO CONSIDER WITH CANNABIS INDUSTRY “DEVELOPMENT AGREEMENTS”**

- 1. THE MARIJUANA INDUSTRY DESIGNED THE AGREEMENTS**
- 2. THESE ARE BINDING CONTRACTS AND APPEAR TO PRECLUDE FUTURE BOARDS OF SUPERVISORS OR CITY COUNCILS BY THE OBLIGATIONS SPECIFIED WITHIN THEM. Electing to enter into this Agreement, COUNTY (or cities) shall bind future Boards of Supervisors of COUNTY (or City Councils) by the obligations specified herein and limit the future exercise of certain governmental and proprietary powers of COUNTY.**
- 3. TRADITIONALLY, CONTRACT LAW HAS PROVIDED FOR THE DEFENSE OF PUBLIC POLICY OR ILLEGALITY – AN ILLEGAL CONTRACT IS NOT A CONTRACT AND THEREFORE SHOULD NOT BE ENFORCEABLE. HOWEVER, SOME CITIES AND COUNTIES HAVE UPHELD THEM; SOME HAVE NOT. THE ISSUE OF ENFORCEABLE SHOULD BE THAT THEY WOULD STILL BE AGAINST FEDERAL LAW, AND, HOPEFULLY, STILL ILLEGAL**
- 4. Cannabis-related contracts, which may be considered “illegal” due to federal law, may be enforced nationwide in the United States with the use of Colorado law, the Colorado arbitration forum, and the Full Faith and Credit Clause of the U.S. Constitution. U.S. CONST. art. IV, § 1.X**

### **EXAMPLE: Riverside County’s Cannabis Development Agreements**

<https://www.jennifermcgrath.com/wp-content/uploads/Riverside-County-Cannabis-Development-Agreement.pdf>. These development agreements are

**BINDING** with persons having legal or equitable interests in real property for the development of such property, pursuant to Article 11, Section 7 of the California Constitution and Section 65864, et seq. of the Government Code;

<https://itainreview.org/articles/Spring2019/enforcement-of-cannabis-related-contracts-and-arbitration-awards.html>

The Enforcement of Cannabis-Related Contracts & Arbitration Awards

[Todd A. Wells, Michael Reilly & Taylor Minshall](#)

- [DOWNLOAD](#)

## Introduction

Contracts and legal instruments of all types in cannabis-related This article uses the scientific name “cannabis” to refer to the American slang term “marijuana.” X transactions are being signed across the United States. The validity and enforceability of these contracts is an open question. **Traditionally, contract law has provided for the defense of public policy or illegality – an illegal contract is not enforceable. A contract that cannot be enforced is not a contract at all.** Are these cannabis-related contracts worth the paper they are written on?

Although a handful of Colorado state trial courts and courts in California, Arizona, and Texas have recently enforced cannabis-related contracts in the face of illegality arguments, other courts have not *See infra* § II.X .In this context, U.S. and Colorado arbitration law provide a unique forum for the enforcement of cannabis-related contracts.

The topic becomes even more important now as several additional states, including Arkansas, **California**, Florida, Maine, Massachusetts, and Nevada, among others, have also recently legalized cannabis for medical and/or recreational use. The cannabis market is developing, and the legal framework has not yet adapted to the new reality.

**Cannabis-related contracts, which may be considered “illegal” due to federal law**, *may* be enforced nationwide in the United States with the use of Colorado law, the Colorado arbitration forum, and the Full Faith and Credit Clause of the U.S. Constitution. U.S. CONST. art. IV, § 1.X

The enforcement of these contracts is not an abstract problem. Notwithstanding U.S. federal drug laws, and recognizing the harsh reality they impose, the Denver District Court has stated that enforceability is paramount to the operation of cannabis-related business. The court stated:

With the privileges afforded the marijuana industry by the voters [of Colorado] come obligations, including all obligations inherent in operating in the legitimate commercial world. This includes business relationships and obligations such as contracts, operating agreements and corporate articles and bylaws, among many other things. These

relationships must be enforceable so that this newly legitimate industry does not devolve into commercial anarchy. *North v. Wemhoff*, No. 12CV3005, 2013 WL 8604042 (Colo. Dist. Ct. June 21, 2013) (Elliff, J.).X

This Article examines the enforcement of contracts in this partially legalized industry from the perspective of Colorado and U.S. law in six parts. First, we will examine the court-based enforcement of cannabis-related contracts in the United States. Next, we will analyze the likelihood of enforcement of arbitration agreements in cannabis-related contracts. Following this, we will examine the role of the administering arbitral institutions, the arbitrators, and legal counsel, addressing the difficulties faced by these stakeholders when working with cannabis-related disputes. We will then explore the difficulties that may arise during the confirmation of the arbitration award, and especially during the confirmation of arbitration awards granting equitable relief to the prevailing party. Finally, we will inquire as to the availability of interstate enforcement for the confirmed arbitration award.

When reading this Article, the reader must consider that the development of the law in this area is fast moving, and any new actions or policy changes made by the U.S. federal government to enforce federal drug laws related to cannabis could shut down this entire industry at any moment. However, we believe this to be unlikely given the current trend, with many more states poised to legalize cannabis use.



# INTERNATIONAL ACADEMY ON THE SCIENCE AND IMPACT OF CANNABIS

## DOCTORS EDUCATING ON MARIJUANA

**IASIC counters the pervasive misperception of the safety of marijuana by international experts who provide science, data and clinical expertise. This non-partisan and non-political group is developed, organized, and guided by doctors. We hope science guides policies that protect the public and create informed decision making.**

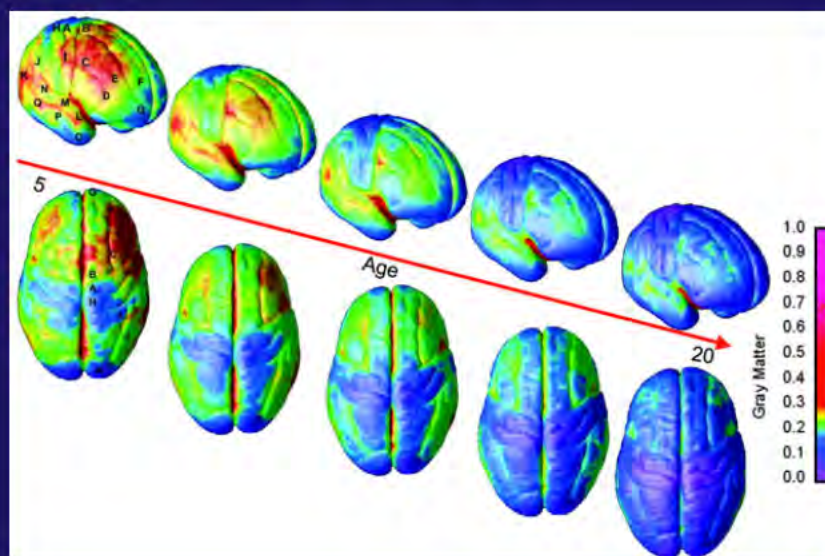
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## TOP 15 RISKS OF MARIJUANA ON HEALTH

1



### BRAIN DEVELOPMENT

The brain continues to grow until the mid 20s, 25 or even 27. The youthful brain is busy developing myelin to coat brain nerve cells to they conduct faster. It is also involved in synaptic pruning, selecting the



best pathways and habits for the brain. During this susceptible time, exposure to any addictive drug can stunt brain development. Youth marijuana use can have long term consequences.

2



### PSYCHOSIS

Marijuana is associated with psychosis and schizophrenia.

3



### DEPRESSION AND SUICIDE

Marijuana is associated with depression and suicidal ideations.

# 4



## PAIN/ OPIOIDS

Marijuana has not been proven to be an effective pain reliever.

Marijuana users are more likely to have associated misuse of prescription drugs.

# 5



## ADDICTION

Marijuana Addiction, or cannabis use disorder is a DSM IV diagnosis that occurs in 9% of adults and 17% of teens who use marijuana. Chronic marijuana users are more likely to develop addiction at 25-50%.

Youth who use marijuana are 4 – 7 times more likely than adults to develop a cannabis use disorder.

6



### WITHDRAWAL

Cannabis withdrawal is reported by up to 30% of regular users.

Cannabis withdrawal is reported by up to 50-90% of heavy users in treatment or research studies.

7



### EMERGENCY DEPARTMENT VISITS

Hospital visits with cannabis related diagnosis have been increasing. The ED visits have tripled in Colorado since legalization. They have increased 830% in San Diego from 2011 – 2016.

8



## MOTOR VEHICLE COLLISIONS

Marijuana is the most common illicit drug identified in impaired drivers.  
Risk of motor vehicle collision increases 2-fold after smoking marijuana.

9



## CANNABIS HYPEREMESIS SYNDROME

Chronic marijuana is associated with intense abdominal pain and vomiting, cannabis hyperemesis syndrome, also known as “scromiting.”

10



## NEONATAL EXPOSURE

Long term marijuana use can impair fetal brain development

Marijuana increases the risk of stillbirths by 2.3.

11



## DRUG INTERACTIONS

Marijuana, including THC and CBD products have hundreds of drug interactions with various medications. [Drug.com](https://www.drugs.com)

12



## CONTAMINANTS

Marijuana from licensed dispensaries were found to have infectious contaminants that have resulted in death.

13



## CARDIOVASCULAR HEALTH

Marijuana is associated with heart conditions such as fast heart rate, heart attack, high blood pressure, stroke, and irregular heart rate.

14



## PULMONARY HEALTH

Marijuana smoking is associated with a 2-fold increase of lung cancer.

15



## CANCER

Marijuana is associated with testicular cancer.

THC and CBD labeling is not accurate. In a study published in JAMA, 75 marijuana products from 47 different brands were tested and found only 17% label accuracy with 23% under labeled and 60 over labels with respect to THC levels. A similar study showed only 30% accuracy for CBD products.

## SD CO PREVENTION INITIATIVE

STATE THE MEDIA ORG YOU REPRESENT... crickets

Lev – ER and addiction specialist, VP IASIC – every shift I treat MJ poisoning cases

Founders: Lev, E. Voth (Internal Pain & Addiction, Treatment, K. Finn

Today is the direct result of efforts to legalize but also the result of the development of increasingly potent products. As it has become normalized.

**Uphill battle to inform the public against the well-funded MJ industry. In Colorado - educator**

**MJ use disorder has doubled among those 26 and over in Colorado since legalization.**

**There is a serious void of knowledge on MJ harms (because public electeds and PH professionals have chosen politics over public health)**

Medical evidence & science craven used to shed light to counter persuasive misperception that MJ is safe

Finn – pain MD – MJ & med evidence-based approach. 2011-2015 – 1,405% increase in scientific literature on MJ. 90% of MJ recommendations are for pain. Since legalization, overdose deaths by

Intro - Ca has had MMJ since 1996, yet their overdose deaths continue to be a problem. Dispensary MJ has not been vetted and freq contaminated.

There is support for “natural” cannabinoids.

**#1 risk factor for opioid misuse is ever having used MJ.**

Amer. Heart: concluded that people who use MJ may be at risk of sudden death from MJ use that contributed to underlying heart dis

Atley – IASIC – world leaders while cannabis helps in different way, but **no serious scientist disputes that MJ is a causality of psychosis.** Like smoking is not associated with lung cancer, it is causal. **Psychotic thinking does not necessarily disappear with stopping use.**

**THC given to normal volunteer groups creates psychosis in the lab even w/o a psychosis history. Reg use of 10-15% THC is enough to result in psychosis.** Schizophrenia is difficult to treat. PH scientists that **drug tx is the most expensive least effective tx for addiction.**

Annual review on tob

Prev methods reliability and consistency across cultures reliability and consistently



**IASIC contains peer reviewed MJ lit that is written for the lay public.**

**DON'T SEE PTSD AS A LINK TO STUDIES AND SUMMARY**

PLEASE ADDRESS THE COUNTER ARGUMENTS THAT JUSTIFY LEGALIZATION SERVES TO MITIGATE SOCIAL JUSTICE AND SOCIAL EQUITY

TODAY if you pick up a cig you know the risks and may be asked not to smoke around others

**Mission of AISIC – provide education by doctors.**

Joe E. – SD increase for tx admits,

Public officials and electeds tell us mythically that there is not enough lit on MJ. aisc puts that myth to rest.

**The public hears about miraculous cures w/o the accompanying risks.**

IASIC1.ORG

MEDIA QUESTIONS – IN THE q&a--NONE

**Prev methods that have been proven to work: Iceland went from the highest country of drug / lcohol in Europe and then they addressed the risk and protective factors and in 20 yrs they went from the highest european country to the lowest with respect to the rest of European countries. Their model has been modeled by belgium and other european countries**

**E. Voth – age is the greatest predictor of incidence of harm; (brain development continues till 25-26 and until that time people are 4-7-fold risk times more likely to become addicted and is true for other drugs as well.**

Smoke free dining is getting pushback for mj lounges.

Finn – Colorado – finding adolescents coming to the ER dept since legalization. Ease of access is much greater than ever. More youth going to er due to the drugs they can get from snap chat.e.g. fentanyl, MMJ prod from a social media

15K PUBS

**RACIAL DISPARIES – GO TO MJ DISPENSARIES, GO TO MJ DISPENSARIES THAT ARE LOCATED IN COMMUNITIES AND YOUTH USE IN LOW INCOME COMMUNITIES.**

**SYSTEMATIC STUDY OF PTSD HAS FOUND THAT MJ IS NOT HELPFUL AND RESULTS ARE NEITHER HARMLESS OR EFFECTIVE.**

STUDY AFTER STUDY SHOW PEOPLE IN JAIL FOR POSSESSION HAVE OFTEN PLED THEIR CASES DOWN FROM SEVERAL 100 TO SEVERAL THOUSANDS LBS down to simple possession OF MJ

WE ARE not ABOUT ANY WAR – WE ARE ABOUT PROTECTING THE HUMAN BRAIN.

JOE DOKES QUESTION –

SHERRI WENTLENN –

Jefferson county – we used MJ to counter the

Please separate the covid impact (with increased polysubstance use) which has shown significant increase

**Recovery, drug courts and tx were shut down while mj was designated as essential w/o access to help other than mj. they continued or began using mj instead of getting effective help; the most prevalent increases were seen in etoh and MJ.**

Voth – early studies of overdose and fatalities of the 1990's (Co, wash and Or – you will see a biphasic spike, but in Colorado there was a parabolic growth following legalization, before COVID was even thought of.

Lev – **any patient lucky enough to survive a fentanyl and I have not met any one who did not begin their drug journey with mj.**

Antley – legalization came with the promise that it was going to help our opioid epidemic, but it has not.

Voth – something overlooked – the taxation issue – I don't know of **any other drug where a drug has been approved due to the potential taxes. This is counter to safety and efficacy.**

Joe E. – resources ID's between MJ and violence and suicide an

Finn – if you have not read cannabis and medicine, an evidence based approach – **mj is the most prevalent drug found in Colorado which began to be seen in Colorado where etoh was the most prevalent drug until mj legalization** – lot of evidence between MJ and violence.

Violent murders have found the active THC metabolite only in his system. Our library is still in the process of growing.

Voth – violence lit.... dating, domestic violence. Kris kYLE and another seal were both killed from someone experiencing violent episode of ptsd the killer had smoked MJ the night before.

Antley - Half of the murders in London were associated with MJ. it is significant that we are not tracking this data. **Violence against women, crime rates went down significantly following their prev efforts in Iceland.**

Finn – re suicide... chicken and egg argument – r kids using because they depressed or because they are using, but there are recent papers that show mj has an all cause mortality . **kids are r not overdosing on mj but it is a factor in kids who complete their suicide.**

Lev – mj hyperemesis syndrome with reg mj users. We began seeing a barrage of patients coming to the er from hyperemesis and wanting opioids. The tx is limiting now to radiation therapy to try and find the answers. The tax ranges from hot showers to inpatient tx. Also anti emetics, and antipsychotics. Suicide study – one on monozygotic twins that found the twin who use Mj was more likely to attempt suicide.

Joe – we hear studies thrown around where people want to distinguish between relevant studies.

Lev – difficult to tell the difference, some will show effectiveness – ask how many people in the study, who was funding the study and did not report on the risks. If you are not seeing a balance then something is not right.

Pub med has 57k studies on mj – how do you counter the claim that iasic cherry picks the studies.

Finn – the int'l study of pain relief – reported they do not recommend mj for relief of chronic pain from cancer.

Pregnancy and mj is coming. Autism rates are higher in states with higher mj rates. Iasic – docs that are doing this work on their own time.

Lev – its also a matter of where you will find the studies (look for N neonatal, not P for pregnancy). We r not about providing the benefits w/o bringing providing the risks.

Angley – when we present at conferences, we must report whether we receive \$\$ from the either the pro or antiMJ industry. Cancer and dermatology = lots of studies that are beautiful but economic conflicts of interest.

Voth – we have to be careful about who we bring into the aisc –

Joe – we r just trying to mitigate the harms and we r still getting pushback.

Patrick – Q for Finn – what's your opinion on the THC cap in Colorado? They've gotten backlash even for Vermont's 30% cap.

Finn – lit when potency is greater than 10% and that doesn't exist anymore. God's plant is not here anymore. We have gmo products with great potency even higher in recent yrs. **Highly potent products are showing themselves to greater problems; suicidal ideation, psychosis...** there needs to be a consensus since every state. the **European cap is 10%**

Voth – Kansas – we don't have MMJ – we wanted to keep the cap at 10-15%. MJ advocates were concerned about the risks that their consumers would not want the lower products.

Joe E – please distinguish between honey oil or was.

Finn The potency of flower is 17-% thc. dabs and shatters near 100%. Available both for MMJ and MJ the only difference is between how they are taxed. Vaping is up to 70% increase in adolescents inCol.

Joe – claim that MJ increases have resulted in decreased opioids and Medicare – yes the number of prescriptions and benzodiazepines and other drugs – their opioid drug deaths continue to rise. We had the development of long-acting medications. So of course the # of opioid epidemic have gone down with the # of prescriptions but despite that opioid deaths are going up.

Voth – users that began in their teen who are middle to upper age overdose deaths from opioid abuse.

Lev – look at the p under pain. Look at the rx opioid epidemic that used prevention which was largely responsible for the decrease in opioid deaths – limiting opioid prescriptions and finding better treatment. The opioid epidemic was caused by the medical community, but the data was tracked so that we could address the epidemic, which they did.

We want to inform the public

Joe – always track the data

Antley – tx is the most expensive and least effective tx and prev is the most effective and least expensive.

Lev – ty to my iasci colleagues and their efforts and the center for community research - use our website and link to the join link to get new communications. Ltrs of advocacy will be put on the website that might be useful to your efforts.

Joe – recruitment for isac what are you doing? \*\*\* SEND THEM OUR SPEAKERS BUREAUT LIST.

VOTH – IASIC -IS BUILDING ITSELF TO BE A POWERFUL – LARGEST MORE WELLL INFORMED EXPERT GROUP IN THE WORLD.

FINN – TY TO JOE AND LEV AND WISH WE HAD TIME TO ASNWER ALL THE QUESTIONS – PLEASE EMAIL YOUR QUESTIONS SINCE WE DIDN'T HAVE TIME TO ADDRESS THEM.

Tx – data pt 10% of popu – child abuse/neglect or death MJ is #1 and meth #2 but Tx does not routinely text on suicide for substances or driving deaths – the data has to be tracked and readily available to the public.

Joe – VIDEOS WILL BE AVAILABLE CCR.

## **CHAT**

Laura Stack 10:20 AM

Hello, I am with Johnny's Ambassadors and wondered if you will please address the major risks of using marijuana for adolescents?

This question has been answered live

nancy perry-sheridan 10:22 AM

Please provide information regarding mariniol - its recommended use and availability, etc. Thank you for your work!

Ken Finn 10:50 AM

didn't want you to seem ignored. The starting dose of marinol is 2.5 mg, yet products in CA allow up to 2,000 mg of THC (marinol is synthetic THC)

ray pearson 10:25 AM

Do you have a one page informational that can be provided to city councils, supervisors and state legislators that summarizes scientifically refutes the Cannabis industry medical contentions and the impacts in Colorado and California to under 18 year olds?

ray pearson 10:37 AM

Do you have a one page informational that can be provided to city councils, supervisors and state legislators that summarizes scientifically refutes the Cannabis industry medical contentions and the impacts in Colorado and California to under 18 year olds?

Pamela Tindall 10:57 AM

I wish. As your work and organization becomes known, I imagine donors will find you! We will all be poised to refer them to you!

Ken Finn 11:00 AM

Thank you Pamela. Happy to help

Kellie Henrichs 10:58 AM

In Illinois we are working to remove the term "recreational" and replace it with "retail". Words really do matter. What are your thoughts about whether we should be using "cannabis" or "marijuana", especially when working with youth?

Rosana Sielaff 11:00 AM

Just a feedback: Awesome webinar! Clean and science-based. I work with prevention and I got really good points to share with our coalition. Thanks a lot for your work!

Joe Dokes 11:01 AM

Absolutely stellar seminar. We will use a plethora of information from your site. Front line law enforcement and prevention-thanks you

Sir Duplechan 11:02 AM

This was very informative. Thank you all for all of you do. The website will prove to be a valuable resource.

Rudy Rodriguez 11:02 AM

Thank you for your information.

Kelly McCormick 11:04 AM

Thank you for all of the work you have put into this. It is so valuable and important.

John Reuwer 11:05 AM

How encouraging to see professionals fight for the public and patient health just because it is the right thing to do.

Mike Thompson 10:12 AM

Some patients with cancer state that the only thing that works to ease their nausea is medical marijuana. Are there not other viable alternatives? Any thoughts on this?

Ken Finn 10:13 AM

We have marinol and other cannabis based medications that can help rather than dispensary cannabis, where in CA a patient died from contaminated marijuana with fungus during cancer treatment. The cancer didn't kill the patient the fungus did. (UC-Irvine, CA)

Ken Finn 10:15 AM

I also tell patients "buyer beware" due to frequent contamination, poor regulation, and poor testing

Ken Finn 10:16 AM

Please see Oregon's Secretary of State marijuana audit where they only inspected 3% of dispensaries and 1/3 of growers for compliance. Cannot guarantee test results were reliable and products were safe: <https://sos.oregon.gov/audits/Documents/2019-04.pdf>

Sir Duplechan 10:16 AM

Dr. Antley, What are some of the prevention methods that you eluded to that have been proven to work?

This question has been answered live

Candace Rachel 10:22 AM

Good Afternoon, I work with the Jefferson County Dept of Health in Alabama on the Grant Overdose Data to Action. Alabama recently passed medical marijuana. We use data and we have also seen a massive increase in Opioid use Disorder. However, I am interested in hearing how you can relate the increase in Colorado to specifically Marijuana use and not the isolation of CoVid and increased Fentanyl in other drugs.

This question has been answered live

Sally Schindel 10:22 AM

We sometimes hear there have been ZERO deaths from marijuana use. Is this supported by science?

Ken Finn 11:01 AM

Thanks Sally....most people will not "overdose" on marijuana but per American Heart, cannabis use can cause "sudden death", heart attack and stroke (can kill you)

Erica Leary 10:25 AM

Will you put a recording of this webinar on ISAIC or CCR website?

This question has been answered live

Sarah Salven 10:19 AM

Yes, this is being recorded and will be sent out today and on the MPI website.

Paula D. Gordon, Ph.D. 10:25 AM

What are some of the resources that you have identified regarding the connections between marijuana use and violence? Could you also say something about the increasing incidence of suicidal depression and acts of suicide. Thanks so much for what you are doing. Paula D. Gordon, Ph.D. [GordonDrugAbusePrevention.com](http://GordonDrugAbusePrevention.com)

Ken Finn would like to answer this question live.

Joe Dokes 10:32 AM

I am sorry I have no mike today.. I am in the field listening to you

Sarah Salven 10:32 AM

Thank you for letting us know. Please feel free to type in your questions.

pamela mccoll 10:32 AM

Pub Med has a finding of over 57,000 studies on marijuana. How will you counter any claims that your library cherry picks through the science ? Thank you and also there is no fertility or pregnancy studies are they coming

Ken Finn would like to answer this question live.

Joe Dokes 10:36 AM

Thank you.. I am on Isaic1 's website and I do not see anything on CBD and its potential health issues. Can one of the doctors comment on this. Today we are in front of Board of Sups objecting to HEMP widespread growing ( along with Cannabis) FDA has taken a position on CBD that they cannot recommend

Ken Finn 10:44 AM

Yes...the library is a work in progress. Hemp products in CO are unlabeled and can contain a lot of THC. Please email me and I can provide more infor. Thanks Joe

Kelly McCormick 10:36 AM

Will scientific studies ever be done regarding high THC concentrates? Some are 99% pure THC.

Ken Finn 10:44 AM

No...zero data. These products are relatively new so we are in uncharted waters. Alcohol and tobacco have a much longer track record and have been static.

Paula D. Gordon, Ph.D. 10:46 AM

Would you say something about the use of marijuana by individuals contemplating having a family as well as women who are pregnant? Are users impairing the health of their progeny?

Ken Finn 10:52 AM

Animal studies show intergenerational impacts with behavior issues, psychotic like episodes, etc

Christine Dunn - Clallam County HHS 10:50 AM

Hello, I work with Clallam County Health & Human Services. I was curious if there are any studies on breastfed babies whose mothers use cannabis and an increase in SIDS?

Ken Finn 10:51 AM

I recall a paper on SIDS but unclear. Recent studies show THC remains in breast milk for up to 6 weeks as it is fat soluble

Lee Ann Collins 10:51 AM

Hello, my name is Lee Ann Collins and I am a psychiatric NP working in a juvenile detention program in Massachusetts. Do you have any data to support the use of Naltrexone for management of cravings to use MJ ? 75-80% of the youth in detention are cannabis users and some of them arrive post psych hospitalization already started on Naltrxone. I have started some on it prior to discharge but don't have any follow up unless they re-offend and come back into DYS.

Ken Finn 11:02 AM

One of our advisors, Dr. Libby Stuyt is a better resource

Pamela Tindall 10:52 AM

Thank you so much for doing this! I am a substance abuse prevention professional. This resource is what we've needed for a long time. Where does funding come from to support IASIC?

Ken Finn 10:55 AM

Self funded at this time. Do you know a potential donor :)

Kim Sloan 11:02 AM

Thank you so much for this informative press conference and I echo the sentiments here from Nevada regarding prevention.

Ken Finn 11:02 AM

Thanks Kim

Alyn Mitchell 11:03 AM

Will the recording of the presentation be available to attendees?

Sarah Salven 11:05 AM

Yes, this is being recorded and will be available later today. All attendees will receive an email and can also access on the MPI website.

142 PEOPLE ON THIS MEDIA EVENT AT THE HIGHEST POINT

Five years into Prop 64 and Ca legislatures and public electeds have removed, amended, expanded, or manipulated its promises to voters so that it would be unrecognizable to them today.

**Premise of Prop 64:** Nothing in Prop 64 will be construed or interpreted to **amend, repeal, affect, restrict, or preempt laws pertaining to the Compassionate Use Act of 1996:**

Prop 215 promises:

- only PATIENTS WOULD BE ALLOWED TO CULTIVATE THEIR OWN MARIJUANA
- recreational use would be unlawful

**Prop 64 bait:**

- The Adult Use of Marijuana Act will **incapacitate the black market (instead it fueled the illicit market).**
- **No advertising or marketing of MARIJUANA or MARIJUANA products to encourage or appeal to persons under the age of 21 to consume MARIJUANA or MARIJUANA products. (instead youthful models and activities are targeted toward youth and young adults)**
- No selling, offering, administering, furnishing, or giving away MARIJUANA, MARIJUANA products, or MARIJUANA accessories to any person under 21 years as part of a business promotion or other commercial activity. **(the state and the County just authorized Branded Merchandise).**
- No publishing, disseminating, advertising, or marketing will contain symbols, language, music, gestures, cartoon characters or other elements known to appeal primarily to persons below the legal age of consumption **(products are named after favorite childhood candies)**
- No advertising or marketing of MARIJUANA or MARIJUANA products on signs within 1,000 feet of a day care center (billboards are posted throughout cities and counties)
- Signs, posters, displays, **billboards**, or stationary advertisement for promoting the sale of marijuana or marijuana products will be permitted.
- No advertising or marketing on a **billboard** or similar advertising device located on an Interstate Highway or State Highway which crosses the border of any other state. **(court ruled against the BCC for ignoring Prop 64 promise of no billboards, but the legislature tried to overturn the ruling by trying to pass legislation that would allow billboards along state highways—the Governor vetoed it, but the author will bring the same bill back).**
- No smoking or ingesting MARIJUANA or MARIJUANA products while driving or operating any motor vehicle of transportation. **\*(but NO NATIONAL STD FOR DUI OF MARIJUANA HAS BEEN SET).**
- Drug and alcohol-free workplaces would be maintained (pressure to remove drug-free workplace prohibitions has continued to grow)
- Smoking/ingesting MARIJUANA prohibited anywhere tobacco is prohibited and not within 1k ft of a school, day care center, **(the law to prohibit smoking marijuana in public is not enforced and the penalty is a mere \$100 misdemeanor)**



- **No use of volatile solvents**, explosive gases, (e.g. butane, propane, dangerous poisons, toxins, or carcinogens (**Methanol, benzene, toluene**) used in mfg cannabis).
- No “Health-related statements”, express or implied, of a curative or therapeutic health benefits, express or by implied between the consumption of marijuana or marijuana products will be allowed. (marijuana advocates frequently cite the “health benefits of marijuana and therapeutic value without credible scientific studies to validate”)
- **Licensure and renewal fees** shall be calculated to **cover the costs of administering this division. (cities continue to face the burden of trying to enforce an industry that defies enforcement).**
- **Fees sufficient to fully cover the total costs of administering the BCC and regulatory programs** of the State Water Resources Control Board, the Department of Fish and Wildlife, and other agencies.
- **Yearly reports of the actual costs of the program and the effectiveness of its enforcement programs.** The California State Auditor’s Office performance will conduct a yearly audit of the overall actual costs of the program and the effectiveness of its enforcement programs. The report of its findings will go to the bureau and the Legislature every July 1, beginning 2019. (**no report has been published and provided to the public**)
- **Local control promised: No local authority will** supersede or limit the authority of a local jurisdiction to adopt and enforce local ordinances to regulate businesses licensed through local zoning, land use requirements, business license requirements, requirements to reduce exposure to secondhand smoke, **or to completely prohibit the establishment or operation** of one or more licenses businesses within the local jurisdiction. (**Local control has been under assault since Prop 64 passed**).
- **But cities/counties that legal dispensaries could legally deliver into communities even if the communities had banned MARIJUANA businesses.** (**this undermines local control authority and is a violation of the promise that local control would be protected**)
- **Nothing in this division shall be interpreted to require a licensing authority to undertake local law enforcement responsibilities**, enforce local zoning requirements, or enforce local licensing requirements.
- **Public information program promised:** \$5,000,000 from the General Fund to the State Department of Health Care Services to NO LATER THAN SEP 1, 2017; describing the AUMA Act of 2016, the scientific basis for restricting access of marijuana and marijuana products to persons under 21 years, the penalties for providing access to marijuana and marijuana products to persons under 21, information regarding the dangers of driving a any vehicle used for transportation, and the potential harms of using marijuana while pregnant or breastfeeding.
- **PROP 64 - Sensitive uses:** Cultivation of any amount of marijuana at locations or premises within one thousand feet of schools, school bus stops, churches, parks, youth-oriented facilities, or residential treatment facilities creates unique risks that the marijuana plants may be observed by juveniles, and vulnerable to theft or recreational consumption by juvenile. (**All but K-12 schools and licensed daycare centers remained sensitive uses and the sensitive use set backs were either eliminated or reduced to 600 ft**).

- Adults need safe, regulated places to use cannabis” just like bars/restaurants. What makes a smoking lounge safe? Just how is it regulated? Will servers serve no more than 10mg pot? Who will monitor how much MARIJUANA products comes in? (Adults don't need safe, regulated places to get high. They need healthy and safe places to engage in healthy, sober, and productive activities.)

Prop 64 promised the legislature would create a legal, well-regulated MARIJUANA market but the legislature's efforts are directed at supporting the MARIJUANA industry's growth, profitability, and availability.

Environmental regs in CEQA are an incentive for provisional licensees to avoid becoming permitted and 82% of them decided to continue as provisional licensees.

**PROP 64 - Sensitive uses:** Cultivation of any amount of marijuana at locations or premises within one thousand feet of schools, school bus stops, churches, parks, youth-oriented facilities, or residential treatment facilities creates unique risks that the marijuana plants may be observed by juveniles, and vulnerable to theft or recreational consumption by juvenile

Voters were promised local communities and the environment would be protected but \$500 max fines removed the incentive to become permanent licensees.

- Taxpayers are continually being asked to subsidize this industry. Newsome proposes to \$100M grant to “boost” “struggling MARIJUANA industry. Taxpayers are expected to support a for-profit industry that profits from addiction. It's the equivalent of paying your drug dealer over and above what he already makes from other drug users.

Defund the police? **It's time to defund the MARIJUANA industry**

## SANTEE CITY COUNCIL JULY 14, 2021 – COMMENT

Kathleen Lippitt here. I've watched the same strategy unfold in city after city by marijuana lobbyists. "Medical" marijuana was always only a space holder for recreational sales. Don't let the industry fool you.

It is always sad that the real-life experiences of parents who have lost children to marijuana abuse, addiction, suicide, serious accidental injury, or death, academic or career failure are dismissed while anecdotal and personal testimonials, never **supported** by facts or evidence-based science, are accepted.

*The lesson for SANTEE is that every city that has given in to the lie that regulations will eliminate the black market or that recreational sales are needed has found the black market thrives under a regulatory framework and recreational sales only increase the harms.*

*The city's time and resources will be dominated by relentless marijuana lobbying and litigation. Marijuana attorneys will exploit each and every one of the regulations you put in place. That is what they are paid to do.*

*The original argument that you accepted was to allow use of marijuana to accommodate those who chose to use it as a "medicine". But products intended to be used as a "medicine" are high CBD and low THC products. They are NOT the high THC products preferred by recreational users or retailers.*

*If you were ever sincere about responding to the argument based on "medical" necessity, you should not now consider allowing your medical accommodation to transition to recreational.*

*Once again, the industry's intention was deceptive. It was always to transition to recreational sales because high THC products are far more profitable and recreational sales opens the door to the industry's ability to target youth and young adults with products that would be far more addictive and put them at greater risk.*

The revenues you anticipate will never compensate your communities for the harm the marijuana industry products will do. These will no longer be unintended consequences since the negative harms are now well known. END



## The Money in Marijuana: The political landscape

As of November 2015, 23 states and the District of Columbia have [legalized marijuana for medical use](#).<sup>1</sup> Nineteen states and D.C. have [decriminalized](#) the drug,<sup>2</sup> which broadly means they have removed criminal penalties for possession of small amounts of marijuana, replacing jail time with a fine. Colorado, Washington, Oregon, Alaska and D.C. have [legalized](#) recreational marijuana use for adults.

Of course, along with the rationales for legalizing marijuana – access to a drug that AIDS, cancer and epilepsy patients have said helps them cope with their conditions, a shift in law enforcement resources away from drug users and toward violent offenders, and boosts in state revenue while less money goes into organized crime – there are arguments against it. Opponents say the medical benefits of marijuana aren't widely accepted while its negative health effects are confirmed, that it drives young people to try and likely become addicted to other drugs, and that marijuana legalization normalizes drug use. Groups like Smart Approaches to Marijuana (SAM) fear the pot industry will [become the next "Big Tobacco"](#) that tries to get youth addicted to their product.



A medical marijuana dispensary in Denver. (photoby [Jeffrey Beall](#) / [CC BY](#))

Meanwhile, in Colorado, where both medical and recreational marijuana are legal, the state reaped [\\$44 million](#) in sales and excise taxes on pot in 2014.

What with so many states taking action, there's an elephant in the room: The clear conflict between the laws of states that have legalized marijuana and the federal law that forbids its sale and use. The Obama administration has so far let the states experiment, refraining from taking action against medical marijuana programs or recreational pot businesses and instead focusing [Justice Department resources](#) on curbing drug trafficking.

Like any other industry, this one lobbies -- on the federal-state conflict, among other issues. That's unlikely to change even if marijuana is legalized nationally and the formerly black market is brought into the legal economy. Then it will be another industry, like so many others, spending money in Washington to further its interests.

## Campaign donations, lobbying efforts

The National Organization for the Reform of Marijuana Laws (NORML) is one of the oldest organizations to advocate on behalf of pot users. The organization's [PAC has raised](#) \$109,900 for federal candidates since the 2002 election cycle, with contributions going mostly, but not entirely, to Democrats. During the 2014 election cycle, the PAC's \$28,000 in donations – the most it has ever spent – went to politicians like Reps. Earl Blumenauer (D-Ore.) and Dana Rohrabacher (R-Calif.), along with Sen. Cory Booker (D-N.J.), who have supported legislation freeing up access to medical marijuana and protecting state marijuana laws. NORML [hasn't spent](#) enough money on lobbying at the federal level to trigger reporting requirements.

### Election

Cycle \$0 \$16K \$32K \$48K \$64K \$80K 2004 2006 2008 2010 2012 2014 2016 2018 Dems Repubs Mariju  
ana Policy Project PAC Campaign Donations Split by PARTY and CYCLE

In addition to running state ballot initiatives to liberalize marijuana laws, the [Marijuana Policy Project](#) (MPP) backs state and federal candidates who support legalizing medical marijuana, decriminalizing marijuana use and/or regulating the substance like alcohol. Measured by budget and staff size, MPP is the largest organization working solely on marijuana policy reform in the country. From the 1998 election cycle through the first three quarters of 2015, the organization has been the source of \$441,760 in contributions to federal candidates – of which 77 percent has gone to Democrats. The overwhelming bulk of the money – \$426,110 – has come from [the group's PAC](#). During the first three quarters of 2015, MPP's PAC contributed \$5,000 to the presidential bid of libertarian-leaning Sen. Rand Paul (R-Ky.) as well as \$9,500 to his reelection campaign. Paul was the only 2016 White House candidate who received support from the PAC.

Besides contributions, MPP has [spent more than \\$1 million on lobbying](#) in Washington since 2002. The organization's efforts peaked in 2007 at \$200,000 and have dropped off since then. In 2014, MPP's lobbyist, Dan Riffle, looked to gain support for legislation to protect state marijuana laws, eliminate marijuana prohibition on the federal level, give marijuana-related businesses access to banking services and allow those businesses to receive tax deductions and credit.



Sen. Rand Paul (R-Ky.) has received more money from marijuana industry groups than any other 2016 presidential hopeful. (*photo* by [American Life League](#) / [CC BY](#))

That year, MPP also lobbied against Congress [blocking a D.C. law](#) to decriminalize marijuana possession.

Then there is the [Drug Policy Alliance](#) (DPA), an organization that calls for the revision of all drug laws. Since 2001, DPA has spent almost \$4.2 million lobbying to end the “War on Drugs.” The organization’s spending [skyrocketed](#) in 2009 to \$880,000 and has hovered around \$500,000 ever since. In the first three quarters of 2015, DPA spent \$322,000 lobbying Congress on overhauling drug sentencing, ending the federal government’s prohibition of marijuana, preventing overdoses, tackling synthetic drug use and allowing individuals convicted of drug-related crimes to obtain student loans.

The National Cannabis Industry Association (NCIA), founded in 2010, is the sole group representing state-sanctioned marijuana-related businesses on the federal level. NCIA aims to create an economic environment that is not hostile to cannabis. During the 2014 election cycle, [NCIA’s PAC](#) raised \$48,600 and spent \$32,500 on contributions to allies like Reps. Steve Cohen (D-Tenn.) and Edwin Perlmutter (D-Colo.), former Sen. Mark Udall (D-Colo.) and Sen. Ron Wyden (D-Ore.). So far this cycle, NCIA has been [one of the biggest contributors](#) to Rand Paul’s presidential campaign.

The trade group has [spent \\$312,500](#) on lobbying since 2011. This year, NCIA [hired outside lobbying firms](#) – Heather Podesta & Partners and Jochum, Shore & Trossevin – to bolster efforts by its chief lobbyist, Michael Correia. NCIA has zeroed in on issues like protecting banks that provide services to marijuana enterprises from federal prosecution and giving tax deductions to those businesses, in addition to supporting bills to regulate marijuana like alcohol and protect state marijuana laws. The association also [supported an amendment](#) to an appropriations bill that would prevent “any federal Department of Justice funds from being used to raid, prosecute or otherwise harass state-sanctioned medical marijuana patients and providers,” according to its lobbying report.

## **Industries fight to keep marijuana illegal**

Marijuana legalization could take a bite out of a range of other interest groups, including many that already spend big money in Washington. (Caution: In most cases, it’s not possible to identify from lobbying reports whether a client supported or opposed an issue.)

- *Police unions.* The revenue from waging the War on Drugs has become a significant source of financial support for local law enforcement. Federal and state funding of the drug war – as well as the property officers seize as a part of drug raids – have become significant supplements to the budgets of local forces. While unions exert more influence at the local level, they have a presence in Washington as well. Every year since 2008, the [National Fraternal Order of Police](#) has spent at least \$220,000 as a lobbying client. The [National Association of Police Organizations](#) has spent at least \$160,000 a year. The [International Union of Police Associations](#) has laid out \$80,000 every year. And the [International Association of Chiefs of Police](#) has spent \$80,000 each year since 2009.
- *Private prison companies.* Private prisons are in the business of filling beds, and they make millions by incarcerating nonviolent drug offenders along with violent offenders and white-collar criminals. One private prison company, the [GEO Group, Inc.](#), is particularly successful at this: In its 2014 annual report, GEO [noted](#) that it had, on average, a facility occupancy rate of 95.7 percent. One of the largest for-profit prison companies, [Corrections Corporation of America](#), stated in a 2010 [regulatory filing](#) that laxer drug laws could shrink its bottom line: “[A]ny changes with respect to drugs and controlled substances or illegal immigration could affect the number of persons arrested, convicted and sentenced, thereby potentially reducing demand for correctional facilities to house them.” Since 2008, the Corrections Corporation of America has [spent at least \\$970,000 a year](#) on lobbying. However, in its federal lobbying reports, the corporation includes a disclaimer that it does not lobby for or against policies that would determine whether an individual is incarcerated.
- *Prison guard unions.* Like for-profit prison companies, prison guard unions also have a vested interest in keeping nonviolent drug offenders behind bars. On the federal level, many prison guards are represented by the [American Federation of State, County and Municipal Employees](#) (AFSCME), one of the most politically active labor unions. During the 2014 election cycle, AFSCME gave more than \$11 million to federal candidates, parties and committees. The union also spent \$2.4 million to lobby in 2014.
- *Pharmaceutical corporations.* Retired police officer Howard Wooldridge, now an anti-drug war lobbyist, [told](#) the anti-corruption blog Republic Report in 2012 that one of the biggest opponents to marijuana legalization is the Pharmaceutical Research and Manufacturers of America (PhRMA), given that marijuana can replace drugs from “Advil, ibuprofen all the way to Vicodin, pills for nausea – I mean expensive store-bought pills.” PhRMA is certainly an organization to be reckoned with: In 2014 alone, [PhRMA spent about \\$16.6 million](#) on lobbying, ranking it 11th in spending among all lobbying clients that year. And the drug manufacturing industry as a whole [poured \\$14.7 million](#) into the 2014 election cycle.
- *Big booze.* If legalized, marijuana would compete with alcoholic beverages for consumers seeking a buzz. Since 2009, the beer, wine and liquor industry has spent [at least \\$20 million each year](#) on lobbying efforts, most of which have been focused on alcohol taxes and regulations. And during the 2014 election cycle, the industry gave [\\$17 million](#) to federal candidates, parties and committees.

**Pharmaceutical Research and Manufacturers of America (PhRMA) campaign contributions**

abcdefghijklmnopqrstuvwxyabcdefghijklmnopqrstuvwxyZTotal (in millions)\$0\$3.6M\$7.2M\$10.8M\$14.4M\$18M909294969800020406081012141618DemsRepub  
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## What's happening in Congress?



Rep. Earl Blumenauer (D-Ore.) has been Congress' greatest champion of easing restrictions on marijuana. ([photo by Thomas Le Ngo / CC BY](#))

Though much of the activity is at the state level, there's a lot going on in the U.S. House and Senate as well.

1. In March 2015, Sens. Cory Booker (D-N.J.), Rand Paul (R-Ky.) and Kirsten Gillibrand (D-N.Y.) introduced the Compassionate Access, Research Expansion and Respect States ([CARERS](#)) Act; it was [introduced](#) in the House later that month. Among other provisions, the bill would change marijuana's classification under the Controlled Substances Act from Schedule I (deemed to have no medical value and a high potential for abuse, like ecstasy, LSD and heroin) to Schedule II, a category that includes cocaine, methamphetamine and OxyContin. The change -- favored by Democratic presidential candidate Hillary Clinton, among others -- would allow research on marijuana's potential benefits. The CARERS Act would also forbid federal regulators from punishing or discouraging banks that work with marijuana-related businesses.
2. Clinton's rival for the 2016 Democratic presidential nomination, Sen. Bernie Sanders (I-Vt.), introduced the [Ending Federal Marijuana Prohibition Act](#) in November 2015. It would permit the states to determine their own marijuana laws and remove the federal government's ability to punish those who possess or grow pot, though the feds could still penalize individuals who take it from a state where it's legal to one where it's not. MPP [said](#) the bill was the first in the Senate to call for ending the federal prohibition. The House has considered legislation by the same name [in two previous Congresses](#). MPP gave Sanders an "A" grade in its presidential candidate report card after he said during a debate that he would favor a Nevada ballot initiative to regulate marijuana like alcohol.
3. In February 2015, Rep. Earl Blumenauer (D-Ore.) introduced the [Veterans Equal Access Act](#), which would allow healthcare providers at the Department of Veterans Affairs to recommend and give their opinions on medical marijuana to former military personnel if it's legal in their state. Blumenauer introduced the same bill during the previous Congress, but the new version has five more cosponsors.
4. In April 2015, Rep. Dana Rohrabacher (R-Calif.) introduced the [Respect State Marijuana Laws Act](#). The legislation would amend the Controlled Substances Act so that its provisions no longer apply to those who produce, possess, distribute or deliver marijuana -- whether medical or recreational -- in states where such actions are legal. Rohrabacher introduced the same bill during the previous Congress.
5. Rep. Jared Polis (D-Colo.) introduced the [Regulate Marijuana Like Alcohol Act](#) in February 2015, which includes language to remove marijuana from the federal drug schedule, ban bringing it to a place where possession, use or sale is illegal, extend several laws covering



alcoholic beverages to include marijuana and give the Food and Drug Administration the same authority over marijuana it now has over alcohol, among other provisions.

6. Blumenauer introduced the [Marijuana Tax Revenue Act](#) in February 2015, which calls for an excise tax on marijuana sales and business people.
7. In January 2015, Rep. Barbara Lee (D-Calif.) introduced the [States' Medical Marijuana Property Rights Protection Act](#), which would prohibit the government from taking an individual's assets because of activity related to state-legal medical marijuana.
8. Blumenauer and Sen. Ron Wyden (D-Ore.) introduced the [Small Business Tax Equity Act](#) in their respective chambers in April 2015. The legislation would allow marijuana-related businesses to take tax credits and deductions for their expenditures.
9. Rep. Ed Perlmutter (D-Colo.) and Sen. Jeff Merkley (D-Ore.) introduced the [Marijuana Business Access to Banking Act](#) in the House and Senate in April and July 2015. The bill would provide "safe harbor" to banks that serve legal marijuana-related businesses.
10. In July 2015, Blumenauer introduced the [Clean Slate for Marijuana Offenses Act](#), which would allow those convicted of a federal marijuana-related offense in a state where marijuana was legal at the time or who possessed an ounce or less to apply to have their records expunged.

## **Marijuana legalization by the numbers**

More than half of Americans – 58 percent – support marijuana legalization, according to a [2015 poll by Gallup](#). In 1969, only 12 percent favored it.

Age has proven a crucial factor in determining a person's support for or opposition to legalization. Among 18 to 34 year olds, 71 percent say marijuana use should be legal. Thirty-five percent of those 65 and older say the same.

And, apparently, more Americans have tried pot – or at least are willing to admit they've done so. In 2015, Gallup found that [44 percent of Americans](#) say they've given it a try. Only 4 percent owned up to it in 1969.

-- Brianna Gurciullo, updated November 2015

<sup>1</sup> AK, AZ, CA, CO, CT, DE, DC, HI, IL, ME, MD, MA, MI, MN, MT, NV, NH, NJ, NM, NY, OR, RI, VT, WA

<sup>2</sup> AK, CA, CO, CT, DE, DC, ME, MD, MA, MN, MS, MO, NE, NV, NY, NC, OH, OR, RI, VT