

From: [Board of Supervisors, \(BOS\)](#)
To: [BOS-Supervisors](#)
Cc: [Carroll, John \(BOS\)](#); [Calvillo, Angela \(BOS\)](#); [Laxamana, Junko \(BOS\)](#); [Mchugh, Eileen \(BOS\)](#); [Ng, Wilson \(BOS\)](#); [Somera, Alisa \(BOS\)](#)
Subject: FW: Please vote Yes on Cannabis Code changes coming before the BOS tomorrow
Date: Tuesday, October 5, 2021 9:23:01 AM

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From: Bram Goodwin <goodwin.bram@gmail.com>
Sent: Monday, October 4, 2021 8:21 AM
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Cc: Board of Supervisors, (BOS) <board.of.supervisors@sfgov.org>
Subject: Please vote Yes on Cannabis Code changes coming before the BOS tomorrow

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Tomorrow, changes to the Cannabis Police Code, 210421, will come before the Board of Supervisors, which was proposed by Mayor Breed.

Generally, the changes are intended to smooth out the process, so more of the social equity folks have opportunities to enter the field, build new cannabis businesses.

One of the areas of hope is the incubation process, where equity folks can develop their businesses, inside an existing cannabis business. We hope this process lowers the entry level for equity applicants, allows them to ramp up their businesses quicker.

Other items, like in case of the death of an equity applicant, cleans up issues that were not clear, or items to help the equity applicants.

One important part of changes that I want to call your attention to is the change from 10 years to 5 years for equity applicants to sell their stake in a cannabis business. The original thought behind this was preventing equity people from immediately flipping their stake to "out of town" money .. keeping the ownership, generational wealth, in SF, at least for a period of time.

This part of the code should at least get debate. The reality is that most of the new, Article 16 retail cannabis businesses are financed by large out of town multi-state cannabis operators. So, after the buildout in the next few years, after locals sell their ownership, we could for the most part end up with out of town ownership ... Formula retail out of town ownership. This obviously is not ideal.

Any other business type would have heavy scrutiny from the BOS, if it met the formula retail criteria, but not in cannabis.

The issue obviously is raising millions of dollars to start a business, in an environment, where the product, cannabis, is illegal at the Federal Level. Thus, normal channels of Banks, normal finance companies will not participate, so equity people look to alternative financing, which generally means large Formula Retail Chains that have raised Hundreds of Millions of Dollars. Many times companies owned in Canada, due to Canadian Federal legality, access

to the Canadian stock market for funds.

It has been my concern for a long time that we could wake up in a few years and much of our local cannabis industry could be owned, run by out of town interests.

We want to reverse the damage done by the War on Drugs, by empowering local equity people to participate in the new legal cannabis industry. We want to encourage people, who have been working in the irregular cannabis market to come to the legal side, so we need monetary rules that will encourage them to make that transition.

But, consumers, who are the backbone of the industry, deserve a locally based cannabis industry, making decisions for their neighbors, not taking instructions from a Wall Street backed outfit, which has little idea of San Francisco.

Additionally, there is little transparency to the public of what the ownership interests truly are. After all, these are public licenses, approved by the city of San Francisco, the state of California.

So, I would like to see at least some debate at the BOS, around the proposal to lower the “selling” option for cannabis equity from 10 to 5 years. Ownership in these Cannabis businesses should be a matter of public record.

So, I recommend that you vote Yes on Tuesday, after a vigorous discussion about the ownership issue in particular.

I appreciate the progressive view the SF BOS has taken on Cannabis issues.

If I can further help, please contact me.

bram

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