



Darryl Cotton <indagrodarryl@gmail.com>

FW: Request to vote against retaining HDL at this time...

1 message

jason.browne@cllca.org <jason.browne@cllca.org>

Thu, Nov 12, 2020 at 11:56 AM

To: indagrodarryl@gmail.com

Here is my original letter to our City Council requesting they reject the HDL Contract.

To our amazement, they did reject it, 3/2. I suspect that HDL will try again, now that we have a new city council member (just elected). That would explain their cease and desist letter.

From: jason.browne@cllca.org <jason.browne@cllca.org>**Sent:** Tuesday, October 6, 2020 12:19 PM**To:** 'Anita Rice' <arice@cityofredbluff.org>; 'sfriend@cityofredbluff.org' <sfriend@cityofredbluff.org>; 'cparker@cityofredbluff.org' <cparker@cityofredbluff.org>; 'jjones@cityofredbluff.org' <jjones@cityofredbluff.org>; 'Kyle Sanders' <ksanders@rbpd.org>; 'joe_vine@yahoo.com' <joe_vine@yahoo.com>; 'Carolyn Walker' <carolynwalkerlaw@gmail.com>; 'rcrabtree@cityofredbluff.org' <rcrabtree@cityofredbluff.org>; 'Kenn Rieders' <noodledude@att.net>**Cc:** 'deyestone@cityofredbluff.org' <deyestone@cityofredbluff.org>; 'Robert Halpin' <oneblueroad@yahoo.com>; 'ajenkins@cityofredbluff.org' <ajenkins@cityofredbluff.org>; 'kdeiters@cityofredbluff.org' <kdeiters@cityofredbluff.org>**Subject:** Request to vote against retaining HDL at this time...

Red Bluff City Council,

I was unable to attend last week's cannabis Committee meeting, and was informed that certain members of the committee have again requested that the City Council approve funds to pay an outside contractor (HDL) to draft a cannabis ordinance for the City of Red Bluff. I would like to formally and strenuously object to this contract, and I pray that the City Council will see fit to deny this request, for the following reasons:

The Committee has already considered that the licensing process for commercial cannabis activities can be streamlined to cost the City far less in time and resources, by simply requiring local use permits from all applicants, and instructing them to complete all California Licensing Requirements. Since there is no need for the creation of a separate local licensing authority or additional licensing requirements, there is no reason to retain a firm like HDL, because most of the services they offer involve setting up local licensing authorities that will not be necessary in Red Bluff, if the City Council ends up adopting the recommendations of this Committee. In the event the City Council ends up voting against the adoption of commercial cannabis licensing, retaining HDL at this time would also be a complete waste of money. In either case, retaining HDL currently seems fiscally irresponsible and unnecessary.

HDL has many detractors in the private and public sectors, including commercial cannabis license holders throughout the state, and several local jurisdictions where the firm recommended high local tax rates that placed undue burden on local license holders and drew competition from neighboring jurisdictions with more reasonable tax rates.

HDL appears to be violating California law and many local ordinances, by working within jurisdictions to set up licensing programs, and then representing applicants seeking to obtain said licenses. HDL may also be guilty of misusing financial data to which it has access, in violation of confidentiality requirements governing California sales tax returns. Additionally, one of HDL's founders and principles (McPherson) was involved with a litigation scandal in 2015, involving his tenure as head of revenue for the City of Oakland. A local vendor sued the city in state and federal court, alleging that its proprietary software had been stolen under McPherson's watch, and that he later rigged the city's bidding process by not renewing a deal with the company for tax auditing software, and then awarding the contract to HDL instead. In a probable act of Quid Pro Quo, HDL then hired McPherson to run its cannabis consulting division. To the extent that HDL is ever held to have violated California law, local ordinances, disclosure laws, privacy rights, etc., all licenses they worked on could be subject to cancellation or revocation.

In the proposed Contract with HDL, they misrepresent the scope of legal services they can provide, when they say they can perform annual audits of every commercial license holder, for \$6000 each. HDL is not a Certified Public Accounting Firm, and none of its Principles are CPA's. HDL is therefore precluded from legally performing financial audits. Additionally, neither the Firm nor its Principles are Circular 230 Practitioners subject to the I.R.S., so they cannot legally prepare tax returns either.

HDL has also proposed services that are duplicative in nature to services currently being performed by State and Local Agencies. Supplemental background checks are already conducted by local law enforcement agencies. Regulatory Compliance Inspections that HDL charges \$2500 per business per year, are already conducted by State Licensing Authorities, on an as-needed basis.

Our community deserves better than to be subjected to a pay-to-play scheme by an outside entity that's primary interest is in controlling the narrative of our commercial cannabis policies, for its own financial benefit. This Committee and our local citizens are quite capable of drafting local cannabis policies that benefit our community far more than anything HDL would construct, and at no cost to the City. If the City were to retain HDL at this time, it would effectively render this Committee defunct, and would preclude our local citizens from having any meaningful input into the drafting of cannabis regulations for Red Bluff. You would effectively be handing the entire legislative process over to an outside entity, to do the job that your own City Attorney and City Planner are responsible for doing.

It has come to my attention that HDL may have already been involved with a boondoggle related to its existing contracts with Red Bluff, that is worth a considerable amount of money. I assume this matter will be discussed during your meeting, as it relates directly to the work performance that you might expect from HDL in any cannabis related services. The bottom line is that HDL has a negative reputation related to its cannabis services throughout California, and this should disqualify them from receiving a contract to draft a cannabis ordinance for the City of Red Bluff. I have provided a few links below that dive into the HDL problem more thoroughly.

<https://abizinaboxcannabis.com/cantonization-california-cannabis/>

<https://www.ganjapreneur.com/cannabis-licensing-scandal-sweeps-pasadena-california/amp/>

<https://www.consulting.us/news/amp/2251/cannabis-consultancy-hdl-to-receive-shorter-contract-with-san-bernardino-ca>

<https://mjbizdaily.com/how-a-little-known-tax-auditing-firm-became-kingmakers-of-the-california-marijuana-industry/>

<https://mjbizdaily.com/decades-of-relationships-give-rise-to-hdls-stronghold-of-the-marijuana-industry-in-california/>

<https://mjbizdaily.com/profit-maker-or-profiteer-industry-conflicted-on-hdls-influence-impact/>

As I previously stated in my email to the City Council on 10/01/20, Robert Halpin and I drafted an initial ordinance for consideration, and a majority of the Committee has already spent time reviewing it for suggested edits. We have offered to amend this Ordinance on a weekly basis, to match the desires of this Committee as they evolve. We are completely available to edit the Ordinance, in real time, without the need for outsiders charging the City of Red Bluff unnecessary fees. For whatever reasons, Scott Friend and Rick Crabtree have informed this group that they will not spend their time editing this ordinance, outside of their participation in this Committee. Robert Halpin was a County Planner for around two decades. I have served as an Expert Witness to the Courts in cannabis related matters for the same length of time. As of this writing, we have edited the proposed ordinance after every Committee meeting, to reflect matters that the Committee has voted to amend. We are happy to continue providing these edits for free, as a service to our community. The ordinance in question is roughly 8-10 pages long and should not take long for the Committee to fully address, based on its regular meeting schedule. The only reason this hasn't been completed yet is that certain members of the Committee seem unwilling to finish discussing the document, section by section, or to put any contested matters up for a vote by members of the Committee. Even so, we've managed to complete around 1/3 of the ordinance, and have included all edits the Committee has voted to amend.

In closing, I strongly urge the City Council to reject this proposed HDL Contract currently. Instead, I encourage you to instruct the Committee to continue moving forward as it has been, pooling local talent to create local solutions for the task at hand. A working draft of a cannabis ordinance has already been developed, and it merely requires the input of the Committee through the public process to complete, for presentation to the City Council. Robert Halpin and I will happily continue editing the draft, in accordance with all changes the Committee votes to amend. Clay Parker has expressed an interest in having a completed draft ready to present to the City Council before 2021, and if the Committee continues with its regular meetings, I see no reason why we can't achieve this goal, whether Scott Friend and Richard Crabtree assist with editing the draft or not. Our community deserves to have meaningful input into this process, and I believe this Committee is completely qualified to complete the task, without any added cost to the City.

Thanks for your time and consideration.

Sincerely,

Jason Browne

530-736-6801