Repeal Prop 64

Restore Medical Cannabis

Patient's Rights

Bringing it Back

CALIFORNIA REPUBLIC

THE RESTORATION ACT

It's Common Sense

Brought to You by

The Restoration Party

LIFE

LIBERTY

JUSTICE

We're Bringing it Back!

TheRestorationParty.org

The Restoration Party

September 6, 2021

What you are about to read is troubling. It lays forth a problem that is found when state and local government conspire against the rights of citizens, and in this case, the rights of medical cannabis patients in the State of CA. What we will detail here is how what had begun as a compassionate use of medical cannabis through not-for profit collectives or cooperatives. The aspect of these transactions not being controlled, taxed and regulated was, to the state and local governments, an unacceptable way of allowing those transactions to occur. The State of CA had to come up with a mandatory, for-profit licensing scheme that would ignore federal cannabis laws and subject those licensees to the subjective wrath of a federal government intent on exploiting the "positive conflict" that exists between state and federal cannabis law.

With the passing of the Adult Use of Marijuana Act (AUMA) or our Prop 64 in November 2016, the voters believed that they were getting progressive "recreational" cannabis laws that would expand the industry, protect the environment, protect both medical and "recreational" consumers, prevent the bad actors from monopolizing the industry, provide social equity opportunities, and would align with federal laws. That was what AUMA and those who supported its passage promised voters. Five years later we have come to realize that the system is broken. In fact, it never really worked at all. What could have been an opportunity to increase our awareness of medical cannabis has been lost as greed and pay to play corruption in both the licensed and unlicensed markets is the normal order of business.

So, what do we do about it? First it helps to understand how we got here. That takes a review and understanding of what is contained herein:

Section One: Who sponsored AUMA and what the language contained within it, promised us.

Section Two: Could we believe those "Expert Attorneys" when it came time to deciding on how to vote on AUMA?

Section Three: Since its passage has there been any federal rulings that would contradict the language in Prop 64? There has and this case makes it abundantly clear that Prop 64, Section 11 which promises no "positive conflict" with federal cannabis law, was in fact a lie to the voters.

Section Four: Special Election CA gubernatorial candidate Nickolas Wildstar send a certified letter off to CA Attorney General Robert Bonta, informing him of his intention to repeal Prop 64 and cites his points and authorities supporting his declaration that Prop 64 is an illegal initiative and therefore a void contract with the voters.

Section Five: The RESTORATION ACT is proposed to immediately replace Prop 64 which, under a res judicata ruling in an upcoming state court class action case would put into place the corrective actions that would allow the cannabis industry to operate under many of the same benefits that were to be found in Prop 64 and preceding cannabis laws while crafting additional protections for the environment, patients, social equity and research and science.

Thank you for interest in helping us to first understand and then to fix what has been broken.

Darryl Cotton, Board Chair
The Restoration Party

Section One

Prop 64
The Adult Use of
Marijuana Act

Introduction and
SECTIONS 11-13

15 - 0 1 0 3 Amdt. # 1

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December 7, 2015

RECEIVED
DEC 07 2015
INITIATIVE COORDINATOR
ATTORNEY GENERAL'S OFFICE

VIA MESSENGER

Office of the Attorney General
1300 "I" Street
Sacramento, CA 95814

Attention: Ashley Johansson, Initiative Coordinator

RE: Submission of Amendment to Statewide Initiative Measure – Control, Regulate and Tax Adult Use of Marijuana Act, No. 15-0103

Dear Ms. Johansson:

As you know, I serve as counsel for the proponents of the proposed statewide initiative, "Control, Regulate and Tax Adult Use of Marijuana Act." The proponents of the proposed initiative are Dr. Donald Lyman and Mr. Michael Sutton. On their behalf, I am enclosing the following documents:

- The amended text of "Control, Regulate and Tax Adult Use of Marijuana Act"
- A red-line version showing the changes made in the amended text
- Signed authorizations from each of the proponents for the submission of the amended text together with their requests that the Attorney General's Office prepare a circulating title and summary using the amended text.

Please continue to direct all inquiries or correspondence relative to this proposed initiative to me at the address listed below:

Lance H. Olson
Olson, Hagel & Fishburn LLP
555 Capitol Mall, Suite 1425
Sacramento, CA 95814

Very truly yours,

OLSON HAGEL & FISHBURN LLP

LANCE H. OLSON
LHO:mdm
I:\WPDOC\PUBLIC\POL\40083-4\Amendment Cover Letter 12.7.15.docx

VIA MESSENGER

December 7, 2016

Office of the Attorney General
1300 "I" Street
Sacramento, CA 95814

Attention: Ashley Johansson, Initiative Coordinator

Re: Submission of Amendment to Control, Regulate and Tax Adult Use of Marijuana Act, No. 15-0103, and Request to Prepare Circulating Title and Summary

Dear Ms. Johansson:

On November 2, 2015, the proponents of a proposed statewide initiative titled "Control, Regulate and Tax Adult Use of Marijuana Act" ("Initiative") submitted a request that the Attorney General prepare a circulating title and summary pursuant to section 10(d) of Article II of the California Constitution. Pursuant to Elections Code section 9002(b), the proponents hereby submit timely amendments to the text of the Initiative. As one of the proponents of the Initiative, I approve the submission of the amended text to the Initiative and I declare that the amendment is reasonably germane to the theme, purpose, and subject of the Initiative. I request that the Attorney General prepare a circulating title and summary using the amended Initiative.

Sincerely,

Michael Sutton

VIA MESSENGER

December 7, 2016

Office of the Attorney General
1300 "I" Street
Sacramento, CA 95814

Attention: Ashley Johansson, Initiative Coordinator

Re: Submission of Amendment to Control, Regulate and Tax Adult Use of Marijuana Act, No. 15-0103, and Request to Prepare Circulating Title and Summary

Dear Ms. Johansson:

On November 2, 2015, the proponents of a proposed statewide initiative titled "Control, Regulate and Tax Adult Use of Marijuana Act" ("Initiative") submitted a request that the Attorney General prepare a circulating title and summary pursuant to section 10(d) of Article II of the California Constitution. Pursuant to Elections Code section 9002(b), the proponents hereby submit timely amendments to the text of the Initiative. As one of the proponents of the Initiative, I approve the submission of the amended text to the Initiative and I declare that the amendment is reasonably germane to the theme, purpose, and subject of the Initiative. I request that the Attorney General prepare a circulating title and summary using the amended Initiative.

Sincerely,

Dr. Donald Lyman

otherwise expand the legal rights of such employees or workers of licensees under Section 6 of this Act shall be deemed to be consistent with and further the purposes and intent of this Act. The Legislature may by majority vote amend, add, or repeal any provisions to further reduce the penalties for any of the offenses addressed by this Act. Except as otherwise provided, the provisions of the Act may be amended by a two-thirds vote of the Legislature to further the purposes and intent of the Act.

SECTION 11. CONSTRUCTION AND INTEPRETATION.

The provisions of this Act shall be liberally construed to effectuate the purposes and intent of the Control, Regulate and Tax the Adult Use of Marijuana Act; provided, however, no provision or provisions of this Act shall be interpreted or construed in a manner to create a positive conflict with federal law, including the federal Controlled Substances Act, such that the provision or provisions of this Act and federal law cannot consistently stand together.

SECTION 12. SEVERABILITY.

If any provision in this Act, or part thereof, or the application of any provision or part to any person or circumstance is held for any reason to be invalid or unconstitutional, the remaining provisions and parts shall not be affected, but shall remain in full force and effect, and to this end the provisions of this Act are severable.

SECTION 13. CONFLICTING INITIATIVES.

In the event that this measure and another measure or measures concerning the control, regulation, and taxation of marijuana, medical marijuana, or industrial hemp appear on the same statewide election ballot, the provisions of the other measure or measures shall be deemed to be in conflict with this measure. In the event that this measure receives a greater number of affirmative votes, the provisions of this measure shall prevail in their entirety, and the provisions of the other measure shall be null and void.

Section Two

Friends of Prop 64
The Adult Use of
Marijuana Act

Lawyers Who Recommended
We Vote for Prop 64.

Expert Attorneys Agree Prop 64 Protects Patients!

"I am an attorney and I agree that Prop 64 does not override Prop 215 nor does it authorize the legislature to amend it. California's patient protections under the Compassionate Use Act will remain the same if Prop 64 passes in November."

Attorneys: Add your name to this list. Click here to sign on to this statement.

Leslie Barry
Huntington Beach

Allison Margolin
Los Angeles

Jeff Rosenblum
Sacramento

Natasha Minsker
Sacramento

Samuel B. Johnston
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Jesse Stout
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City Truckee

Rose Cahn
Oakland

Brendan Hamme
Long Beach

S. Edward Wicker
San Diego

Terry A. Duree
Fairfield

Jessica C. McElfresh
San Diego

Jolene Forman
San Francisco

Arthur Skrayan
Sherman Oaks

James Devine
Ventura

Eric Shevin
Los Angeles

Jeffrey Scott
San Bernadino

Ray Lyman
Irvine

Steven Meinrath
Sacramento

Matt Kumin
San Francisco

Evan Silverman
Ladera Ranch

Bruce Margolin
West Hollywood

Jennifer Ani
San Rafael

Jonathan Markovitz
San Diego

Bob Boyd
Lake County

Ed Denson
Alderpoint

Expert Attorneys Agree Prop 64 Protects Patients!

"I am an attorney and I agree that Prop 64 does not override Prop 215 nor does it authorize the legislature to amend it. California's patient protections under the Compassionate Use Act will remain the same if Prop 64 passes in November."

Attorneys: Add your name to this list. Click here to sign on to this statement.

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Evan Zelig
Santa Rosa

Dale Schafer
Roseville

David Loy
San Diego

Steven Burt
Los Angeles

Carlos Sanchez
San Diego

Hugh Gashole
Portland

John Duree
Sacramento

Vonya Quarles
Corona

James Anthony
Oakland

While you're selling us out we're glad you guys thought this was funny!

Section Three

Iron Angel Federal Complaint And Dismissal on the Grounds that State Cannabis Law is in Positive Conflict with Federal Cannabis Law

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Counsel for Plaintiffs Francine Shulman, Iron Angel, LLC, and 3F, Inc.

In 2022 Baker Botts was listed as the 47th most prestigious law firm in the United States. For a firm of this size and caliber to take a cannabis related case to federal court, knowing there is a conflict between state and federal law begs the question were they guilty of malpractice by having done so?

UNITED STATES DISTRICT COURT

CENTRAL DISTRICT OF CALIFORNIA

FRANCINE SHULMAN; IRON ANGEL, LLC; 3F, INC.,

Plaintiffs,

v.

TODD KAPLAN; MEDICAL INVESTOR HOLDINGS LLC dba VERTICAL COMPANIES; VERTICAL WELLNESS, INC.; CHARLES HOUGHTON; MATT KAPLAN; DREW MILBURN; COURTNEY DORNE; SMOKE WALLIN; ROBERT SCOTT KAPLAN aka ROBERT SCOTT; ELYSE KAPLAN; JEFF SILVER; IRON ANGEL II, LLC; NCAMBA9, INC., and DOES 1 through 10, inclusive,

Defendants.

Case No. 2:19-CV-05413

COMPLAINT FOR VIOLATION OF RICO, RICO CONSPIRACY, FRAUD, NEGLIGENT MISREPRESENTATION, BREACH OF CONTRACT, BREACH OF IMPLIED COVENANT OF GOOD FAITH AND FAIR DEALING, VIOLATION OF CALIFORNIA BUSINESS & PROFESSSIONS CODE §§ 17200 & 17500, VIOLATION OF THE LANHAM ACT, COMMON-LAW UNFAIR COMPETITION, INTENTIONAL INTERFERENCE WITH CONTRACTUAL RELATIONS, INTENTIONAL INTERFERENCE WITH PROSPECTIVE

ECONOMIC ADVANTAGE, INTENTIONAL INFLICTION OF EMOTIONAL DISTRESS, ELDER FINANCIAL ABUSE, ASSISTANCE OF ELDER FINANCIAL ABUSE, BREACH OF FIDUCIARY DUTY BY ATTORNEY, MALICIOUS PROSECUTION, RESCISSION, AND CONSTRUCTIVE TRUST

JURY TRIAL DEMANDED

Plaintiffs Francine Shulman, individually and as Trustee of the Shulman Family Trust Dated December 24, 2001, Iron Angel, LLC, and 3F, Inc. file this Complaint against Defendants Todd Kaplan, Medical Investor Holdings LLC dba Vertical Companies ("Vertical"), Vertical Wellness, Inc., Charles Houghton, Matt Kaplan, Drew Milburn, Courtney Dorne, Smoke Wallin, Robert Scott Kaplan, Elyse Kaplan, Jeff Silver, Iron Angel II, LLC, and NCAMBA9, Inc., and allege as follows:

I. INTRODUCTION

1. Defendant Todd Kaplan and his enterprise defrauded Plaintiff Francine Shulman and her companies out of their interest in a cannabis cultivation operation that Defendants admit would have been one of the "largest in the world in 2019" (Exhibit A hereto).[1] Ms. Shulman's damages, without considering exemplary and punitive damages, run into the tens of millions of dollars. While the scope and extent of the fraud inflicted on Ms. Shulman is far greater, her experience fits neatly into a larger pattern of fraud that Defendants have visited on many other victims.

2. Ms. Shulman has been a farmer in Santa Barbara County for over twenty years. In 1996, she purchased Apple Creek Ranch—a 50-acre apple orchard in in the Santa Rita Hills wine appellation. It was there that she studied and mastered organic farming practices, and her business grew rapidly as a result. She expanded the orchard to produce fifteen apple varieties and other high-quality, unique organic fruits and vegetables. Ms. Shulman's customers—including dozens of restaurants and patrons at numerous farmer's markets—lauded her comprehensive farming knowledge and ability to grow unusual and challenging varieties. Over time, her business expanded to include the cultivation of gourds, which Ms. Shulman—described by one newspaper as an "artistic force"—hand-painted, lacquered, and sold internationally. Beginning in 2011, she further

[1] Exhibit A is an excerpt from Defendants' website as of May 2019.

JS-6

UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA

CIVIL MINUTES - GENERAL

Case No.: 2:19-CV-05413-AB (FFMx)	Date: October 29, 2020

Title: *Francine Shulman, et al. v. Todd Kaplan, et al.*

Present: The Honorable **ANDRÉ BIROTTE JR., United States District Judge**

Carla Badirian	N/A
Deputy Clerk	Court Reporter
Attorney(s) Present for Plaintiff(s):	Attorney(s) Present for Defendant(s):
None Appearing	None Appearing

Proceedings: **[In Chambers] ORDER GRANTING DEFENDANT MIH'S MOTION TO DISMISS.**

I. INTRODUCTION

Before the Court is Defendants' Todd Kaplan, Medical Investor Holdings, LLC dba Vertical Companies, Vertical Wellness, Inc., Matt Kaplan, Drew Milburn, Courtney Dorne, Smoke Wallin, Robert Scott Kaplan aka Robert Scott, Elyse Kaplan, Jeff Silver, Iron Angel, II, LLC, and NCAMBA9, Inc. ("MIH Defendants") Motion to Dismiss Plaintiffs' Francine Shulman, Iron Angel, LLC, and 3F, Inc.'s Complaint. (Dkt. No. 66.) Also before the Court is Defendant Charles Houghton's Notice of Motion to Dismiss and of Joinder. (Dkt. No. 67.) Defendant Houghton's Motion seeks to dismiss Plaintiffs' Complaint and to join in MIH Defendants' Motion to Dismiss.

The Court deems this matter appropriate for decision without oral argument and **VACATES** the hearing set for October 30, 2020. *See* Fed. R. Civ. P. 78; Local Rule 7-15. For the reasons stated below, the Court hereby **GRANTS** MIH

Defendants' Motion to Dismiss, **DENIES AS MOOT** Defendant Houghton's Motion to Dismiss.

II. BACKGROUND

Plaintiffs and Defendants are involved in the production, marketing, and sale of cannabis. (*See generally,* Dkt. No. 1. ("Compl.").) In or around 2017, Plaintiff Shulman enlisted the help of several Defendants to grow and expend her cannabis business. (*Id.* at ¶¶ 9-10, 64-79.) At some point, the relationship between the Parties broke down and Defendants allegedly engaged in illegal conduct that wholly undermined and damaged Plaintiffs' cannabis business, including production and investment. (*Id.* at ¶¶ 11-18, 88-164.)

As a result, on June 20, 2019, Plaintiff brought this suit alleging twenty-five (25) causes of action. (Dkt. No. 1.) Four causes of action arise under federal law: Claims 1, 2, 14, and 15. The remaining 21 causes of action arise under California state law and are business and/or contract-related claims.

The Court granted Defendants' Motion to Compel Arbitration and the case was stayed pending arbitration. (Dkt. No. 58.) On July 13, 2020, the Court vacated the stay and ordered this case reopened. (Dkt. No. 63.) Defendants subsequently filed the instant motions to dismiss.

III. LEGAL STANDARD

Fed. R. Civ. P. ("Rule") 8 requires a plaintiff present a "short and plain statement of the claim showing that the pleader is entitled to relief." Fed. R. Civ. P. 8(a)(2). Under Rule 12(b)(6), a defendant may move to dismiss a pleading for "failure to state a claim upon which relief can be granted." Fed. R. Civ. P. 12(b)(6). A court may dismiss a complaint under Rule 12(b)(6) based on the lack of a cognizable legal theory or the absence of sufficient facts alleged under a cognizable legal theory. *Balistreri v. Pacifica Police Dep't*, 901 F.2d 696, 699 (9th Cir. 1988).

When ruling on a Rule 12(b)(6) motion, a judge must accept all factual allegations contained in the complaint as true. *Erickson v. Pardus*, 551 U.S. 89, 94 (2007). However, a court is "not bound to accept as true a legal conclusion couched as a factual allegation." *Ashcroft v. Iqbal*, 556 U.S. 662, 678 (2009). To defeat a 12(b)(6) motion to dismiss, the complaint must allege enough factual matter to "give the defendant fair notice of what the…claim is and the grounds

upon which it rests." *Bell Atl. Corp. v. Twombly*, 550 U.S. 544, 555 (2007). The complaint must also be "plausible on its face," allowing the court to "draw the reasonable inference that the defendant is liable for the misconduct alleged." *Iqbal*, 556 U.S. at 678. "The plausibility standard is not akin to a 'probability requirement,' but it asks for more than a sheer possibility that a defendant has acted unlawfully." *Id.* Labels, conclusions, and "a formulaic recitation of the elements of a cause of action will not do." *Twombly*, 550 U.S. at 555.

IV. DISCUSSION

A. Plaintiffs Cannot Allege Violations of 18 U.S.C. §§ 1962(c)-(d) and 1964(c) ("RICO") Because Any Remedy Would Violate Federal Law (Claims 1 and 2).

Defendants argue that Plaintiffs do not have a legally cognizable interest in their RICO claims because the alleged damages relate to a cannabis business which is illegal under the federal Controlled Substances Act, 21 U.S.C. § 801 et seq. ("CSA"). (Mot. at 10.) Plaintiffs counter that other courts have held that "just because [a party] is violating one federal law, does not give it license to violate another." *Siva Enterprises v. Ott*, No. 2:18-cv-06881-CAS-GJSx, 2018 WL 6844714, at *5 (C.D. Cal. Nov. 5, 2018) (citing *Greenwood v. Green Leaf Lab LLC*, No. 3:17-CV-00415-PK, 2017 WL 3391671, at *2–3 (D. Or. July 13, 2017)).

Plaintiffs seek damages for "injury to their business . . . including Defendants' scheme to take over Ms. Shulman's cannabis business . . . As a result, Plaintiffs lost control over their cannabis cultivation operation for a time at the Iron Angel Property, lost their opportunity to purchase and cultivate cannabis on the Wellsprings Property . . . . " (Compl. ¶ 177.) Plaintiffs damages under RICO are inextricably intertwined with their cannabis cultivation—any relief would remedy Plaintiffs' lost profits from the sale, production, and distribution of cannabis.

As such, the Court finds that any potential remedy in this case would contravene federal law under the CSA. A court order requiring monetary payment to Plaintiffs for the loss of profits or injury to a business that produces and markets cannabis would, in essence (1) provide a remedy for actions that are unequivocally illegal under federal law; and (2) necessitate that a federal court contravene a federal statute (the CSA) in order to provide relief under a federal statute (RICO). The Court finds this approach to be contrary to public policy.

The Court also notes that it seems implausible that RICO—a federal statute—was designed to provide redress for engaging in activities that are illegal under federal law. Plaintiffs' reliance on *Siva* is unhelpful because, in that case, Plaintiffs claims were premised upon misappropriation of confidential business information regarding cannabis sales and did "not involve the actual production or sale of cannabis." *Siva*, 2018 WL 6844714 at *5. Here, Plaintiffs' claims involve the actual production and sale of cannabis, thus increasing the likelihood that any remedy would contravene federal law.

The Court cannot remedy Plaintiffs' injuries because doing so would result in an illegal mandate; in short, Plaintiffs' injuries to their cannabis business are not redressable under RICO. *See Gonzales v. Gorsuch*, 688 F.2d 1263, 1267 ("The focus, however, is always upon the ability of the court to redress the injury suffered by the plaintiff; if the wrong parties are before the court, or if the requested relief would worsen the plaintiff's position, *or if the court is unable to grant the relief that relates to the harm*, the plaintiff lacks standing." (emphasis added) (citing *Gladstone, Realtors v. Village of Bellwood*, 441 U.S. 91, 100 (1979)). Plaintiffs lack standing to seek relief; accordingly, the Court dismisses the RICO causes of action (Claims 1 and 2).

B. The Lanham Act Does Not Protect Illegal Activities Such as Cannabis Cultivation (Claims 14 and 15).

As detailed above, cannabis is illegal under federal law. *In re Morgan Brown*, 119 U.S.P.Q. 2d 1350, at *3 ("marijuana . . . remain[s a] Schedule I controlled substance[ ] under federal law . . . . "). Thus, when a mark is used for cannabis products, the Lanham Act does not recognize the user's trademark priority or any derivative claims, regardless of any state laws that may contradict the federal statute. *See id.*, 119 U.S.P.Q. 2d 1350, at *5; *In re JJ206*, 120 U.S.P.Q. 2d 1568, at *2–*3; *CreAgri v. USANA Health Services Inc.*, 474 F.3d 626, 630 (9th Cir. 2007).

As the Ninth Circuit has stated, extending trademark protection for use on unlawful products would "put the government in the anomalous position of extending the benefits of trademark protection to a seller based upon actions the seller too in violation of that government's own laws." *CreAgri*, 474 F.3d at 630. As such, because any alleged use of the Iron Triangle trademark was on cannabis products which are illegal under federal law, Plaintiffs cannot state a claim for violation of the Lanham Act (Claim 14).

Because Plaintiffs' claim of false advertising under the Lanham Act is derivative of the Lanham Act claim, this cause of action fails as well. 119 U.S.P.Q. 2d 1350, at *5. Regardless, Plaintiffs must adequately allege statutory standing for a claim of false advertising. *See Lexmark Int'l, Inc. v. Static Control Components, Inc.*, 572 U.S. 118, 128, 134 n.6 (2014). Plaintiffs must show (1) that they are within the 'zone of interest' protected by the statute; and (2) proximate causation between his injury and the alleged statutory violation. *Id.* at 129-134.

As discussed above, the Lanham Act was created to protect trademarks that involve legal uses only. Where a mark is "being used in connection with sales of a specific substance (marijuana) . . . that is illegal under federal law . . . [it] encompasses a use that is unlawful." *In re Morgan Brown*, 119 U.S.P.Q. 2d, at *5. Because Plaintiffs claim for false advertising rests wholly on Defendants' use of its trademark to advertise marijuana products, it encompasses an unlawful use such that Plaintiffs are not within the "zone of interest" protected by the Lanham Act. Plaintiffs' claim for false advertising (Claim 15) fails.

C. Leave to Amend Is Not Warranted.

Neither the RICO causes of action nor Plaintiffs' claims under the Lanham Act could be cured by pleading additional facts because the illegality of marijuana cannot be pleaded around in a way that would confer standing. As such, the Court declines to grant leave to amend for these four causes of action. *See Lopez v. Smith*, 203 F.3d 1122, 1127 (9th Cir. 2000) (*en banc*) (leave to amend should not be granted if a pleading "could not possibly be cured by the allegation of other facts") (internal quotation marks and citations omitted).

D. The Remaining Causes of Action are State Law Claims and the Court Declines to Exercise Supplemental Jurisdiction Over Them.

District courts may decline to exercise jurisdiction over supplemental state law claims based on various factors, including "the circumstances of the particular case, the nature of the state law claims, the character of the governing state law, and the relationship between the state and federal claims." *City of Chicago v. Int'l Coll. of Surgeons*, 522 U.S. 156, 173 (1997). The Ninth Circuit does not require an "explanation for a district court's reasons [for declining supplemental jurisdiction] when the district court acts under" 28 U.S.C. §§ 1367(c)(1)–(3), *San Pedro Hotel Co. v. City of Los Angeles*, 159 F.3d 470, 478 (9th Cir. 1998), but does require a district court to "articulate why the circumstances of the case are exceptional in addition to inquiring whether the balance of the *Gibbs* values provide compelling

reasons for declining jurisdiction in such circumstances." *Exec. Software N. Am. Inc. v. U.S. Dist. Court for the Cent. Dist. of Cal.*, 24 F.3d 1545, 1558 (9th Cir. 1994), *overruled on other grounds by Cal. Dep't of Water Res. v. Powerex Corp.*, 533 F.3d 1087 (9th Cir. 2008). This "inquiry is not particularly burdensome." *Id.*

Because the remaining twenty-one (21) causes of action arise under California law, the Court finds that this case should be dismissed entirely as the state law causes of action "substantially predominate[]" over this matter. Moreover, the Court has dismissed all federal causes of action as discussed above and accordingly declines to consider the merits of the remaining causes of action which involve a business and contract dispute, the jurisdiction of which is more properly left with the state court.

V. CONCLUSION

For the reasons stated above, the Court **GRANTS** MIH Defendants' Motion to Dismiss **WITH PREJUDICE**. Defendant Houghton's Motion to Dismiss is **DENIED AS MOOT**.

IT IS SO ORDERED.

We find this to be a troublesome statement by the court. It's clear to the court that state law is violating higher federal law yet the court contends that "state law causes of action substantially predominates over this matter". We find that inconsistent with the language in the preemption doctrine whereby a higher court stands over a lower court decision and when state and federal law conflict the federal court has a duty to inform the state court that they cannot adjudicate matters that conflict with higher federal law. This would have been the perfect time and place to state that obvious condition but instead the federal court takes a subservient position to state cannabis law in this matter.

Let's keep in mind that Defendant Kaplan's law firm of Weintraub Reuben Gartside, LLP (WRG) is a far smaller law firm than Baker Botts, and would presumably not have the enormous resources of a Baker Botts, but, nonetheless, after this case taking up 16 months of the courts time, it is a simple Motion to Dismiss (MTD) that highlights the "positive conflict" between state and federal cannabis law which would free their client from answering to these claims in a federal court. Did it really take 16 months for WRG to figure out this was an argument worth making? We're surprised that with this being such an obvious conflict between state and federal law, the MTD was not submitted much earlier in the case.

Section Four

CA Gubernatorial Candidate
Nickolas Wildstar's
Letter, Dated July 19, 2021,
to CA AG Bonta, Citing his
Points and Authorities
Regarding Prop 64 Being an
Illegal Initiative and Would be
Repealed His First Day in Office.

WILDSTAR

SENT CERTIFIED MAIL RETURN RECIEPT REQUESTED
Doc No. 7020 1290 0000 5327 5081

July 19, 2021

Mr. Robert Andres Bonta, Attorney General
Office of the Attorney General
1300 "I" Street
Sacramento, CA 95814

Re: Submission of My Intention to Repeal Prop 64, Adjudicate Damages in State Court on Behalf of Those Parties Damaged by Prop 64 and To Provide Bridge Legislation, AKA as The PERON ACT to Accompany a State Court Issued Temporary Restraining Order That Will Suspend All State and Local Government Licensing Applications, Enforcement, Fee's, and Collections Associated with All Licensed, For Profit Cannabis Activities as Had Been Mandated Under Prop 64 Within the State of California.

Dear AG Bonta:

The Control, Regulate and Tax Adult Use of Marijuana Act, No. 15-0103 (AUMA) was referred to the voters for consideration in State Proposition No. 64 (Prop 64) within the November 08, 2016, elections. Prop 64 was voter approved and signed into law making it legal within the state for adults aged 21 years or older to possess and use marijuana for recreational purposes. The measure created two new taxes, one levied on cultivation and the other on retail price. Prop. 64 was designed to allocate revenue from the taxes to be spent on drug research, treatment, and enforcement, health and safety grants addressing marijuana, youth programs, **and preventing environmental damage resulting from illegal marijuana production.** As it relates to my stated intentions to repeal Prop 64, I have the following:

1. I am currently a gubernatorial candidate having qualified on the 07/17/21 CA Secretary of State List of Qualified Candidates for the recall election of current CA Governor Gavin Newsom.

2. Based on the language used within the voter approved version of Prop 64, I believe it to be an illegal instrument that were lies to the voters of California and were only used with the intention of seeing "recreational", for-profit, taxable cannabis as a way to monopolize the industry and create undue hardships for the less profitable, medical cannabis community.

3. I am a medical cannabis patient that has seen my rights, as well as the rights of numerous other medical cannabis patients in California, been violated by the passage of Prop 64. Furthermore, despite that fact it is illegal to begin with, the reconciliation of Prop 64 and MMRSA have caused the elimination of medical cannabis, due to market forces, despite the fact that Washington State already exemplified this problem.

4. My campaign promise to repeal Prop 64, on my first day in office is based on the fact that since Prop 64 was an illegal initiative, that protects the state under the 10th amendment but mandates licensees, to enlist in a licensing scheme that requires they break federal law by trafficking in a controlled substance, cannabis, in a for-profit, recreational licensing scheme wherein they have no 10th amendment protections for having done so. As such I would request a federal judge to weigh in on this.

5. I will repeal Prop 64, based on it being an illegal initiative that promoted its passage by language, such as what is to be found in Section 11, as not having "positive conflict with higher federal law" that is a lie and without legal basis. Prop 64 went on to be signed into law by Governor Newsom and since 2016 has been an illegal law in California. Since this "positive conflict" language has yet to be explicitly challenged, I will construct this writ to be very narrow in its scope thereby allowing for a legal determination to be made by a federal court strictly on this "positive conflict" language.

6. Should a federal judge decide that the "positive conflict" language is NOT representative of any state v federal law conflict, then I will NOT repeal Prop 64 on my first day in office. **Alternatively, should a federal judge decide that there IS positive conflict between state and federal law, I WILL, as promised, repeal Prop 64 my first day in office!**

7. As a medical cannabis patient and a governor elect, I believe I have standing in this matter. As such I would ask that my writ and the federal decision be expedited so I would have that decision prior to assuming office. If the matter has not been decided by a federal court as I assume office, I will go forward on the first day in office to repeal Prop 64, comfortable in the knowledge that the executive authority I have been granted by the vote of the people electing me to office and the expected decision by the federal judiciary, would support my decision for having done so.

8. Upon a federal court ruling that positive conflict does exist, I would sign bridge legislation to be known as the PERON ACT that would cease all future state and local licensing of "for profit" cannabis licenses.

9. I would allow all existing Prop 64 licenses that have been granted by state and local government to stand until such time that the matter of damages has been determined under res judicata in a state court proceeding. The caveat being that the licensees would have to acknowledge they are knowingly conducting business in violation of the Supremacy Clause and more specifically the Doctrine of Preemption.

10. Existing license applications could, if desired, continue those applications under the same conditions as previously set forth or they could elect to cancel the application and be refunded all monies spent during that process.

11. All monies that have been spent on non-refundable applications that were denied by any local or state government cannabis licensing agency would be eligible for a refund.

12. The way cannabis related funds have been managed by those in charge will be immediately stopped and investigated for potential criminal activity. In Prop 64 ALL state cannabis tax, fee, licensing, abatement, and enforcement monies which is to be collected and have, per Section 7 Subsection 34018 (a-c) **REQUIRED** that these funds be deposited not in the General Fund but instead in a Special Trust Fund(s) known as the California Marijuana Tax Fund, where they have not been subject to the normal fiscal controls and review as set forth in the General Fund public audit and accounting practices for state revenues.

    While Special Trust Funds have no business in housing the people's money as they are, by design, not transparent and lend themselves to financial improprieties, Prop 64 goes even further by stating, within that same Section 34018 (a-c) that all cannabis revenues will not be considered "moneys" for purposes of the regulatory practices as set forth in Prop 64. **Since I will be repealing Prop 64 based on it being an illegal initiative, I will be demanding, within 60 days from my request, a complete accounting of all "moneys" or whatever else you want to call those revenues (funds), to determine exactly where those funds went, how the money was spent and who the previously undisclosed beneficiaries have been!!!** If there is ANY evidence found of criminal wrongdoing, at any level, I will DEMAND that those accused parties be held accountable by your office for their actions!

13. Upon a complete accounting of all cannabis related Special Trust Funds a portion of that money will be used to cover reimbursement of those parties damaged under the implementation and illegal enforcement of any activities associated with perfecting regulations as defined in Prop 64. After five years, any funds left over from the Special Trust Funds would be deposited into the General Fund.

14. I would expect that there would be a substantial state class action response when parties realize that they had been damaged by an illegal state initiative. No doubt that will be a difficult financial burden for the state, and many local governments, to bear. I actually empathize with that looming financial crisis our governments will face. The rush, i.e., blind greed, to capture these revenues left the taxpayers in the hands of very poor leadership. As usual it will be the taxpayers that foot the bill. But all is not lost. As will be seen in the PERON ACT, state and local governments can realize revenues, not on a tax basis *(which is illegal under federal and international law. See the United Nations Single Convention on Narcotics Article 49 Para 2(f) which only allows cannabis for scientific and medical purposes, not recreational in any form)* but as just one method, on a fee per sq-ft basis. I would propose that the state apply a percentage of that new revenue to pay down the claims that will be coming from a pending class action. This is a case of don't shoot the messenger and indeed, even though the state warned us not to invest in licensed cannabis, as it was likely to be "unreasonably impracticable", it wasn't enough of a warning. No, the investor lines formed and many have lost fortunes in what is now seen as a failed dream. A dream that if left to carry on, the financial damages, to investors as well as local and state government, would have only gotten worse.

15. Upon assuming office I will immediately disband the newly formed Department of Cannabis Control (DCC) which replaces the previous agency Bureau of Cannabis Control (BCC) all which had been designed to CONTROL cannabis law and regulation within the state. I will immediately set up a new agency to be known as the Department of Cannabis Administration (DCA) which will ADMININISTER cannabis law and regulation within the state and as will be defined in the forthcoming PERON ACT.

As a black man seeking justice, I do so not just on my own behalf, but on behalf of EVERY MINORITY PERSON, who for generations have been disproportionately affected by our nation's war on drugs! As the GOVERNOR ELECT, I speak on behalf of ALL PEOPLE WHO RELY ON MEDICAL CANNABIS! I speak on behalf of ALL PEOPLE who rely on state cannabis law and regulation to be fair, impartial and NOT AT ODDS WITH FEDERAL LAW! **We, as in NONE OF US,** want to be jailed under federal law for ever accessing medical cannabis and even though we may be state licensed, the Controlled Substance Act still remains the overriding law that, should it be applied, would jail those of us who are being required to be state "legal" under the ILLEGAL RULE AND REGULATION AS SET FORTH IN PROP 64!

While it is extremely distressing to me and my community that in the year 2021 people of color are still the most affected by our nations war on drugs, I am buoyed by the recent statements made by the Supreme Court Justice Clarence Thomas that illustrates the federal courts desire to see the inconsistencies between state and federal cannabis laws be resolved. I believe the upcoming federal court ruling on my writ, signifying there is a "positive conflict" would then force those states with recreational cannabis laws to remedy that conflict and would go a long way to begin that reconciliation process. That process would almost immediately unclutter the federal court dockets who have seen an increasing number of federal cannabis cases that go to, inter alia, civil rights and antitrust law violations would not have foundation if the state court law they were built upon were fundamentally at odds with federal drug laws. These cases end up back in state court as you simply cannot use the courts to enforce an illegal contract. Period!

I have produced this communication so that you will have an early indication of what will be asked of you and your office once I am sworn into office. With only a year before the General Election I do plan on hitting the ground running. However, please be advised that should I not be elected in this special election I fully intend on running again in the 2022 General Election. Which means these matters, while some would argue are strictly cannabis related and I would strongly disagree, are instead a result of poor, systemic, corrupt governance that is not meant to be inclusive and provide for the best interest of the people, but instead to enrich the few who would attempt to monopolize this industry and this plant. I intend to change that AG Bonta.

As an attorney you, and every attorney associated with the passing and implementation of Prop 64 have taken a sworn oath, to uphold the integrity of our laws. The State of California, by virtue of what has been required of its cannabis licensees, is violating that Duty of Candor oath by aiding and abetting the violation of higher federal drug law. The question now becomes can I count on you and your office to assist me in my efforts to undo the crimes which Prop 64 has promulgated upon the citizens of this great state?

Please understand this about me. I will not be dissuaded by anything that attempts to cast me or this message in a negative light. I speak on behalf of tens of thousands of medical cannabis patients, as well as those who have refused to violate higher federal law and have had their properties raided and seized by quasi-military force, who have tried to become licensed but have been denied or have been mired in an endless application process, all designed to financially bankrupt them while those with the political connections have sailed through these same processes.

I speak on behalf of the neighbors who have not been heard as megalithic cultivation sites are approved and their regional quality of life is destroyed.

I speak on behalf of the next generation and those generations that follow them so that medical cannabis is not seen as something that can only be found in a plastic package.

I speak on behalf of the farmers who for generations have worked growing a plant they love and protected with nurtured genetics that have been found to have real, lasting effects on medical conditions that traditional medicine has responded to with prescription drugs that are oftentimes highly addictive in nature and damaging in the long term.

I speak on behalf of the environment. Where are our state agencies in determining the statewide water use impact of all the licenses that have been issued, and will continue to be issued, under Prop 64? It's clear that no one in Sacramento is taking responsibility for the overall water usage demand that these licensed operations will collectively represent on our available water resources. I've made these calls. I know this to be true. While the current drought conditions are BAD, they are only likely to get worse and the fact that the BCC and DCC are issuing PROVISIONAL LICENSES WITHOUT COMPLETED AND APPROVED ENVIRONMENTAL IMPACT REPORTS (EIR) OR THE LESS DETAILED CALIFORNIA ENVIRONMENTAL IMPACT REPORTS (CEQA) IS CRIMINAL MISCONDUCT BY THOSE IN CHARGE AND THE ENVIRONMENTAL AGENCIES WHO HAVE BEEN TASKED WITH PROTECTING THESE RESOURCES**! Simply put, Prop 64, while masquerading as an environmental watchdog, has not only been a crime against the people and OUR RIGHTS, but it has also been a crime against the environment and the resources it was tasked to protect!**

I do NOT speak on behalf of those who would grow cannabis at a commercial scale that takes over entire homes for indoor grows. Who steal power. Who risk others health, safety and welfare. Who poison the plant and their extractions all in the name of profit. Who rape our environment, our forests, our public lands with massive grows that leave trash everywhere, exploit workers and hold no regard to the nutrients and pesticide issues their unlicensed crop cultivation techniques cause our air, wildlife and downstream water resources. Under my administration, these issues will be dealt with swiftly, and severely, as there is no room in our tomorrow for the bad actors in cannabis we see today.

I will not be dissuaded by competing candidates who would argue Prop 64 can be repaired to be compliant with federal law. That it can be made less restrictive. That it protects the environment

with controls that had not been in place prior to its passing. That it serves as a banishment of black-market cannabis trade, etc., I could go on and on, but the reality is that EACH of these arguments are addressed in the PERON ACT and for the purposes of this correspondence **DO NOT MATTER ANYWAY!** Prop 64 was an illegal initiative, and that, AG Bonta is ALL you and I will have to address once I take office!

In closing, within two weeks I will be sending you a follow up to this letter that will include a copy of my federal writ as well as numerous other statements and affidavits, by parties who would like YOU to know how the passing of Prop 64 has impacted them, their families, their friends, their employees, their futures, their quality of life, their finances and their view of licensed cannabis. I will be soliciting these affidavits and forwarding them to you for review and action under my new administration. Should you wish to reach me, my cell number below is best with a follow up email will expedite our connection. Thank you for your consideration. I do look forward to working with you.

In anticipation of your reply I will remain,

The federal writ was never pursued. The issue of the federal courts position on "positive conflict" was made clear in the Iron Angel case.

Nickolas Wildstar, Governor Elect
wildstar@governorwildstar.com

Section Five

The RESTORATION ACT (RA) 08/26/21

Would Convert the Illegal, For Profit, CA Licensing Scheme, as Devised Under Prop 64, to a Not for Profit, Fee Based, Medical Cannabis Patients Regulatory System. The RA Maintains, and Builds Upon, Much of the Positive Elements of Previous Cannabis Law and Regulation.

THE RESTORATION ACT

08/26/21

FORWARD

Whereas in November 1996, medical cannabis became legal under Prop 215,

Whereas in October 2003, medical cannabis guidelines were further established and codified into law under SB 420,

Whereas in in July 2015, Governor Gavin Newsom chaired a Blue Ribbon Steering Committee that would set policy option for regulating marijuana in California, titled the Pathways Report,

Whereas in November 2016, a **recreational** cannabis initiative, Prop 64, was approved by the voters that would assume control of cannabis law and regulation including all previous medical cannabis laws under Prop 215 and SB 420.

Whereas on July 19, 2021, in a letter to California Attorney General Robert Bonta, Governor Elect Nickolas Wildstar provided statements to AG Bonta as to why Prop 64 was an illegal initiative and as such must be repealed as the state cannot be in the business of violating higher federal law where they are protected under 10th amendment claims while mandating cannabis licensees violate higher federal law and not be afforded those same protections,

Whereas in both the previous and the follow up letter to CA AG Bonta on July 27, 2021 Wildstar provides his points and authorities to support his contention that Prop 64 was an illegal initiative, one that should have never been presented to the voters, and with its offering and passing has damaged large numbers of people who would likely be seeking recovery for those damages. The reference to the 07/27/21 version of the RESTORATION ACT as bridge legislation to allow current licensees, and those in a pending license status, to continue to operate until such time that any state court actions are fully adjudicated are essential to the transition back from a federally illegal, for-profit status to what many consider to be a federally legal, not-for-profit status and will be detailed in its latest version, as follows:

SECTION 1. PURPOSE AND INTENT

1) The repeal of Prop 64 will result in a certain amount of confusion and disruption within the licensed cannabis industry. This is to be expected. The purpose and intent of the **RESTORATION ACT (RA)** is to provide a regulatory framework that minimizes that confusion and disruption by setting forth the as detailed herein.

2) The current state agency that provides oversight of Prop 64 cannabis licensees is the **Department of Cannabis Control (DCC)** or its predecessor agency, the **Bureau of Cannabis Control (BCC)**, will be disbanded.

    a. All regulated cannabis activities within the state will require a permit from the newly formed **Department of Cannabis Administration (DCA).**

b. All current subagencies to DCC or BCC will have duties under the DCA to include

   i. State Water Resources Control Board
   ii. Department of Fish and Wildlife
   iii. California Regional Water Control Boards
   iv. Board of Forestry and Fire Protection
   v. Department of Food and Agriculture
   vi. Department of Public Health
   vii. Traditional State Law Enforcement Agencies

c. The DCA will be governed by a Director, who is appointed by the Governor.

   i. The DCA will divide California into 4 separate regions with each region having a Deputy Director who serves under the Director. The Director will appoint each Deputy Director.

   ii. A 16-member, **DCA-Cannabis Advisory Panel (DCA-CAP)** will be created that will consist of 4 members for each region. Members will be appointed by the Deputy Director and confirmed by the Director for 3-year engagements.

d. The DCA will allow those current Prop 64 Licensee(s), to continue to operate in a for-profit status, until such time that those licenses expire under the following conditions:

   i. The Prop 64 Licensee will be required to sign a statement whereby they acknowledge they are knowingly violating higher federal law by maintaining a for-profit operation.

   ii. Retail will not be paying state point of sales taxes as no state agency can accept those revenues without being party to aiding and abetting a Prop 64 Licensee in violating higher federal law.

e. Prop 64 Licensee Farms will no longer be paying any cultivation taxes on harvested product as the DCA cannot legally accept “for profit” revenues from these transactions.

   i. METRC reporting and tagging of plants will no longer be required.

   ii. Alternatively, to those preceding Prop 64 Licensee options the Prop 64 Licensee may elect to transition into a not-for profit status and like new licensees be required to submit to all the conditions as set forth in Paragraph 2 as a DCA Licensee would be given a one-year DCA fee abatement for having done so. This offer will only be offered to those Prop 64 Licensees with more that 6 months left on a provisional or annual license as had been granted by the previous BCC or DCC agencies.

iii. Those Prop 64 Pending Licensees who are in a local application status can elect to continue with that application process and once granted would be afforded the same terms and conditions as set forth in the Prop 64 Licensee conditions.

iv. Alternatively, to those Prop 64 Pending Licensees they may elect to discontinue that local application process and request a full refund of all application fees that have been charged for that application.

3) The DCA will operate much differently than the previous agency functions. They will consider cannabis and hemp as agricultural products, subject to the same rules and regulations as traditional crop cultivation with the following exceptions:

a. Cannabis will be treated as a state regulated and licensed, medical, not for-profit crop as had been previously considered in Prop 215 and SB 420.

b. While Prop 64 was an illegal initiative that had to be repealed it did teach us some things that have been incorporated into the RA and that will serve to improve the language and intent of those previous medical cannabis laws. Those improvements, as will be defined herein, will go to compassion, regulation, environmental protections, reduction of greenhouse gasses, labor law and protections, doctor-patient cannabis relations, personal grow, pesticide toxicity levels, social equity, and a method of reporting that will not be over burdensome and allow the market to accept a wider range of participants allowing the state to benefit from a transparent and cross communicative relationship with the Licensee.

c. Anyone transacting in regulated cannabis will be required to have a state issued license by the DCA.

d. Those that do not have a state license will be subject to potential criminal prosecution if they are found to be trafficking in unlicensed cannabis.

e. The state DCA licenses will be given only to **not-for-profit collectives (DCA Licensee)**. The annual fee for a DCA Licensee will be $2,000.00.

f. A first-year fee abatement or $2,000.00 may be given to a qualified DCA Licensee who has demonstrated that they have been a victim of the war on drugs relative to previous cannabis laws.

g. A state DCA license will NOT be given to a cooperative whereby a cooperative, while a recognized statutory entity, can generate profits whereas a collective cannot.

h. A **not-for-profit collective** will be defined and recognized as a statutory legal entity as being a group of people who have formed an association or organization where all members are equal owners.

i. All members will be equal owners of the “collective”.

ii. For purposes of plant counts, each outdoor collective will be allowed to grow up to 6 flowering and 12 vegetative plants per member @ 1 crop cycle per year or 12 lbs. of combined finish flower and/or extracts.

iii. For the purposes of plant counts, each indoor or greenhouse collective will be allowed to grow up to 6 flowering and 12 vegetative plants per member @ 4 crop cycles per year or 12 lbs. of combined finish flower and extracts.

iv. Each collective may have up to 24 clones per member.

v. The **DCA-Anti-Diversion-Division (DCA-ADD)** will track individual member "equitable contributions" so as to not to exceed a maximum annual purchase amount of 12 lbs/year or 4oz/week of combined finished flower and concentrates/extracts.

vi. Certain members will be given managerial and task functions for which they will be compensated for.

vii. The collective will not make a profit.

viii. At the end of the fiscal year, any monies that are made in excess of expenses, must be distributed back to the members in equal proportion.

4) As a DCA licensed cultivator, (DCA-Farm) would pay an annual per sq-ft **DCA Baseline Cultivation Fee (DCA-BCF)** of $1/100 sq-ft payable within 180 days of license issuance.

i. A DCA-Farm may designate up to 25% of their processed and tested approved cannabis to "compassionate use" needs. This cannabis will be labeled as **DCA-Compassionate Use (DCA-CU)** materials that are available free of charge to any patient that the licensed dispensary deems financially eligible for that free cannabis. The DCA will look for any DCA-CU transactions to be entered into the DCA database so that, when necessary, the amount of DCA-CU product that licensed dispensary has on hand and labeled as DCA-CU, meets the stated amount they've been gifted for these types of gifted patient transactions.

ii. If, at any point in time, it is determined a DCA licensed dispensary is charging an equitable contribution, of any amount, for the DCA-CU products that licensee will be subject to fines, suspension and possible license revocation.

iii. The licensed dispensary is under no obligation to have DCA-CU products in their inventory and would only have them if the collective(s) were ablet to offer them,

b. Annual **DCA-Farms/Indoor (DCA-F/I)** licenses may, if qualified, be granted up to 20,000 sq-ft if the local government and all DCA environmental conditions for license approval had been met.

i. The DCA will not allow any state cultivation license to be issued without an attached California Environmental Quality Act **(CEQA)** report to accompany it. The DCA will be authorized to accept a ONE YEAR provisional license, that will NOT be extended, to those current Prop 64 Licensees since that form of licensing is a leftover ramification of the Prop 64 rules and regulation. However, if that Prop 64 licensee **is NOT** able to qualify for the DCA license, they **will NOT be afforded the same extendable provisional protections** that Prop 64 and/or any local government protections, which may have existed under prior DCC and BCC administration.

ii. Upon Annual Renewals, DCA will allow the **DCA-F/I** licensee to expand their crop canopy cultivation license by up to 50% from that of the previous year, providing they have had not had any DCA violations, are current on fee's and are within acceptable environmental and local government protocols for the proposed expansion. This section may be applied up to 5 renewals at which time the licensee will be at the DCA maximum indoor capacity of 100,000 sq-ft. There is no way to buy this size indoor grow. It must be earned.

iii. In addition to the BCF cultivation fee. a **DCA-F/I** Licensee will be required to pay an additional $10 per 100 sq-ft annual environmental surcharge to be used for carbon reduction programs due within 180 days of license issuance.

iv. A **DCA-F/I** Licensee may not exceed a 40 watts per sq-ft load, as measured at the canopy, for cultivation. If, upon spot inspections or through the use of Time of Use utility metering, it is determined the Licensee has exceeded those maximum load conditions, the Licensee will, upon written notice, be given 30 days to bring their facility to within those parameters. The first notice of violation will not result in a fine. Subsequent violations will result in fines, suspension, and possible license revocation.

c. Annual **DCA-Farms/Greenhouse (DCA-F/GH)** licenses are $1/100 sq-ft due within 180 days of licensing, may, if qualified, be granted up to **1 acre (43,560 sq-ft)** and would allow the licensee to expand their crop canopy cultivation license by up to 100% from that of the previous year, providing they have had not had any DCA violations, are current on fee's and are within acceptable environmental and local government protocols for the proposed expansion. This section may be applied up to 3 renewals at which time the licensee will be at the DCA maximum greenhouse capacity of 3 acres (130,680 sq-ft). There is no way to buy this size greenhouse grow. It must be earned. There is no additional environmental surcharge to be applied on DCA-F/GH licenses.

d. Annual **DCA-Farms/Outdoor (DCA-F/O)** licenses are $1/100 sq-ft due within 180 days of licensing, if qualified, be granted up to 2 acres (87,120 sq-ft) and would licensee to expand their crop canopy cultivation license by up to 100% from that of the previous year, providing they have had not had any DCA violations, are current on fee's and are within acceptable environmental and local government protocols for the proposed expansion. This section may be applied up to 3 renewals at which time the licensee will be at the DCA maximum outdoor capacity of 6 acres (261,360 sq-ft). There is no way to buy this size

greenhouse grow. It must be earned. There is no additional environmental surcharge to be applied on DCA-F/O licenses.

e. Annual **DCA-Manufacturing (DCA-M)** licenses will be available at an annual $200 per sq-ft basis.

   i. The DCA-M Licensee agrees to providing the DCA with access to the Licensees Time of Use utility metering.

   ii. The DCA-M Licensee agrees to pay an environmental surcharge of $0.50 per kW/hr whenever they exceed 200 kWh/day or 6,000 kWh/month. The DCA will require that the Licensee monitor these overages. When the DCA spots usage in excess of these values an electronic invoice will be sent to the licensee on 30-day cycles at which point that the charges become due within 14 days of having received that invoice.

f. Annual **DCA-Distribution (DCA-D)** licenses will be granted to those businesses that will transport the finished cannabis products to Retail Cannabis Dispensaries. No Licensee will permit the trade or exchange of cannabis products from a licensed cultivation or manufacturing facility. A DCA-D Licensee assures that the product being collected for delivery to a has been properly tested and approved by a third party, independent testing lab and the information has been uploaded to the DCA website for customer review. The DCA-D will provide security and transportation in unmarked, reinforced vehicles that maintain GPS and video tracking while underway.

   i. A DCA-D Licensee must carry a $1,000,000 theft and liability bond that protects their cargo during transportation.

g. Annual **DCA-Testing (DCA-T)** licenses will be granted to those qualified businesses that are qualified under regulations as established by the Department of Health for third party testing labs. There may be no co-ownership between the principal parties of a DCA-T type license and any other DCA license being offered.

   i. DCA-T labs will test products provided to them by batch samples from the DCA-D Licensee. The batch samples will then be uploaded to the DCA website at which time they are given a pass or fail by the DCA-T lab.

   ii. If the test batch is given a fail and it could be made to pass with remedial processes that would bring the cannabis products being tested into compliance with quality assurance standards as promulgated by the Department of Public Health.

   iii. Both DCA-T and DCA-D sign offs must be made on the DCA website for the batch being tested. This will reduce the chances of batch swapping for the purposes of clearing products that do not meet threshold safety limits.

iv. DCA-T testing fees shall be paid by the Licensee Growers submitting product.

v. Products that fail testing standards must be destroyed in an environmentally sensitive matter so as to not fall into unlicensed cannabis activities.

5) The **DCA-Cannabis Advisory Panel (DCA-CAP)** functions will include:

a. Processing license requests and assuring the local government approvals have been met for Land Use Regulations and environmental compliance in a timely fashion.

b. Would restrict the use of genetically modified cannabis seeds.

c. Would eliminate the unfair practice of drug testing for cannabis metabolites which can be retained in the human body for months. Impairment testing for non-metabolized cannabis as a more effective and accurate measurement for impairment or recent usage, would replace the metabolite test.

d. Would prohibit California Law Enforcement agencies from assisting Federal Drug agents from attempting to enforce federal cannabis laws in DCA licensed or personal gardens as defined within this ACT.

e. Medical cannabis users' right to bear arms shall not be restricted.

f. Child Protective Services shall not use a medical cannabis patients having access to their medical cannabis as an element to remove any children under their care from that home.

g. Removes medical cannabis from the California Uniform Controlled Substances Act, which currently allows the federal government to regulate medical cannabis as a schedule 1 drug.

h. Would mandate that the state establish performance-based standards, similar to those established for alcohol, to determine levels of impairment for the safe operation of motor vehicles and/or other equipment.

i. Maintaining spot surveillance and cumulative water usage does not exceed stated demands.

j. Spot checking of site conditions to assure that all Fire, Life and Safety protocols are in place and being followed. Should areas of improvement be found the DCA will provide written "Incident-1" notification to the Licensee as to what must be corrected. The Licensee will have up to 60 days to make those Incident-1 corrections and notify the DCA of the completion at which time, upon confirmation, the incident would be closed. Should the incident not be closed the DCA has increased authority under enhanced incident levels to extend the time for correction, issue fines, suspend or even revoke a license depending upon the situation.

k. Confirm all cannabis has been tested for residual chemicals that would be in excess of the limits that had been set forth in Prop 64.

l. Provide a website portal that allows patients to take images of the product bar code and confirm the DCA Licensee status when the product was harvested and the product profile.

m. When applicable, adjust DCA regulations to meet those specific regions regulatory needs.

n. The DCA website will be modeled after the California Contractor State License Board (CSLB) website in that this is a format that works exceptionally well for the contractors and the consumers. It's also a very successful government agency that reports their funds to the General Fund, is highly accountable to the public, **operates at a profit and is fee, not tax based.** The DCA does not have to recreate the wheel. The wheel is already there and spinning.

    i. The CSLB website invites unlicensed contractors to work towards licensing, provides the customer a way to research the contractor and his employees and provides ongoing education to help those who are in need of information, a central portal to do so.

    ii. The DCA website will be the primary portal for customers, licensees and physicians to provide and access their records.

    iii. Per SECTION 1. para 3 (g)(v) the DCA-ADD will track member purchases so as to not exceed 12lbs. over 12 months or 4 oz per week from the activation date of their license. Members that have exceeded those levels will be denied access to the RCD.

    iv. The DCA website will be an educational portal to develop industry education and accreditation.

    v. The DCA will incorporate new and existing cannabis curriculums to serve as educational partners in the DCA accreditation programs.

    vi. The DCA website will provide cannabis history.

    vii. The DCA website will address legal, law enforcement and judicial issues that go to the constitutional integration of both licensed and unlicensed cannabis activities.

    viii. The DCA website will include real time, topic-based blogs to answer questions and discuss the industry conditions.

    ix. The DCA website will promote sustainable cultivation practices and post those current programs that promote the latest in green energy and water savings products and techniques.

o. The DCA will operate under a big tent philosophy. We want those legacy farmers to have a seat at the table. As long as local government is satisfied that the farmer is not breaking any Land Use Regulations specific to that location, the DCA will bend over backwards to process and approve, within 90 days, those applications that have provided the supporting EIR/CEQA and paid the licensing fees.

p. Once a DCA License has been issued the License will not start timing out until the Licensee notifies the DCA that they are ready to begin operations. At that time the licensee must have the requisite video and water metering uplinked and streaming to the DCA website. The DCA will also require that all local permits, inspections, and Certificates of Occupancy have been made prior to finalizing the state DCA License and converting the Application to a license under an **Annual Operating Agreement & License (AOAL).** Licensees are given up to 120 days to convert from an Application to an AOAL status. If they require longer that's fine and will not deny them from eventually getting that AOA License status, it's just the DCA will not wait longer than that to convert an application to a AOA License status for remaining time on the license.

q. The DCA Licensee agrees to make their property accessible to any DCA authority that would want to spot check the site to assure compliance.

r. Under a DCA AOA License the DCA inspector is only authorized to check those areas that are listed in the Licensees Area of Operations. If the DCA inspector has reason to believe there is cannabis activity occurring outside the claimed area of operations the inspector may ask to see that area but if they are refused it will be within the Licensees 4th and 5th amendment rights to do so. The inspector can note any suspicions they have on their spot report but unless further evidence is gleaned from **what would be considered unlicensed activities**, nothing further will come of it.

s. If additional information comes to light and then proven that a licensee is engaged in unlicensed operations the fines and penalties for those unlicensed activities will be retroactive to when the original report denoted those concerns.

t. The DCA Licensee acknowledges that these are state fees only. The local government may have licensing fees and regulations that would apply which are in addition to the ones required by DCA.

u. If local government licensing requirements are not being met, that local government may elect to notify DCA of the infraction. DCA will send a letter out that gives the Licensee, depending upon the infraction, 7-30 days to correct it and restore that local government license to good standing. Failure to do so can result in a license suspension and/or a revocation should the matter fail to be resolved.

v. Licensees may appeal any ruling with the DCA Rulings Panel. This 5-member panel, made up of appointed officials serving 5-year terms will hear grievances and decide matters that may occur during the Licensees AOA term. Upon hearing the evidence these decisions are made within 14 days of the hearing. There is a $1,500.00 nonrefundable charge, however

there is a compassionate waiver to this charge if applicable, to the Licensee for filing a complaint with the DCA Rulings Panel.

w. If the Licensee is unsatisfied with the decision of the DCA Rulings Panel they may appeal it to a 3 member, appointed under 3-year terms, DCA Appeals Panel. The Appeals Panel will review the evidence presented to the DCA Ruling Panel and consider any additional information and evidence the Licensee wishes to provide the Appeals Panel. Those Appeals Panel decisions are made within 14 days from of the completion of the arguments. There is a $2,000.00 nonrefundable charge however if a compassionate waiver applied in the lower court it would apply in the Appeals court, to the Licensee when filing these appeals and their decisions are final.

x. If either the DCA Ruling or the DCA Appeals decision goes, regardless of the percentage in that decision, to the Licensee, the DCA is authorized to add up to 180 days to the Licensees Annual Operating Agreement to help offset the charges.

6) All DCA Licensee Requirements:

a. All DCA Licensees must have a non-profit 501C3 at the time of the application and be in good standing throughout the life of the DCA license period.

b. The DCA Licensee agrees to open and communicative dialogue with the DCA. We're learning here too. The DCA Licensee is not guilty until proven innocent. If there are systems and procedures that will improve our abilities to grow the worlds finest cannabis and improve our patient's experience than we want to be a part of that process. As such we will ask our DCA Licensees to meet, where applicable, the following conditions:

i. All cultivators will provide real time ultra-sonic flow meters to determine the actual water use for their farm. It the actual water use is greater than 50% above what the application stated the demand will be the licensee will either be required to pay an environmental surcharge for the overage.

ii. All Licensees will agree to allowing DCA electronic access to the utility metering for the area of operation being licensed. DCA monitoring is to be used only to assure that the Licensee is staying within the terms of their energy use agreement as denoted in the Annual Operating Agreement and that any signs of unusual increased load activity is cause for investigation by the DCA.

iii. All DCA Licensees will agree to 24/7 live video surveillance of the area claimed under their areas of operation.

iv. All DCA Licensees will agree that, prior to litigation, arbitrate any decisions that may apply against them at the DCA Rulings and Appeals Panels. Licensees may retain counsel and be represented during these hearings.

SECTION 2. PERSONAL USE

1) Unless specifically disallowed under local ordinance the DCA recognizes the need for **Personal Use Growth (PUG)** medical cannabis products and deems any personal grow up to 12 indoor flowering plants and 16 indoor vegetative plants with outdoor to be 6 flowers and 12 vegetative and 24 clones to be within the scope of personal growth requirements for an individual patient. Patients requiring greater amounts of cannabis then what these personal limits allow are encouraged to seek out those collectives and retain them to assist the patient in meeting their requirements for the genetics and amount of cannabis that their physician has recommended for their condition.

2) Patients that grow in excess of their own personal use needs and would have **Personal Excess Cannabis (PEC)** may bring that extra plant material to a licensed collective (see SECTION1 para 4 (i)) whereby the PUG would be given a receipt for the PEC materials they brought in and that material could then be offered to the market once DCA-Testing had been completed. Upon satisfaction that the materials were suitable for the market, the PUG would receive an equitable contribution for that material and the exchange would be noted in the DCA database as having taken place between that PUG and that licensed collective. At no point, during any calendar year, can a PUG exceed the amounts being grown for personal use to that which they are offering cannabis to the market as DCA-PEC registered cannabis provider. DCA-PEC transactions may ONLY be done through a licensed collective and offered to licensed dispensaries AFTER the testing has been completed. No PEC transactions will be done directly between a licensed dispensary and the PUG.

    a. A PUG does not have to register with the DCA.

    b. A PUG will only be registered with the DCA when they have PEC they wish to supply to the market.

    c. The PUG may trade PEC to a licensed collective, with proper identification and documentation, can take that material in where it will be tested. Upon satisfaction of the materials testing being within toxicity limits, that PUG will receive an equitable contribution from the collective and the PUG will be registered with the DCA as a DCA-PUG member.

SECTION 3. MEDICAL PATIENT REQUIREMENTS

1) Each patient shall have a current physician's recommendation.

    a. Under the Health Insurance Portability and Accountability Act **(HIPAA)** privacy laws the DCA will not share individual medical patient records with any private of government agency unless the patient has authorized the release of that information or there is a court order to do so.

2) Upon receiving their physician's recommendation, each patient will agree to a minimum of one physician follow up per year to discuss usage, results prescription interactions, overall quality of life and any recommendations to adjust their needs.

3) To those patients over 21, who are afflicted with terminal or incurable conditions they will only have to purchase a onetime physician's recommendation. The DCA will issue have a **Terminal Conditions Medical Cannabis Patients A Card (GOLD)** that will never have to be renewed.

4) Physicians will approve the **General Conditions Medical Cannabis Patients B Card (WHITE)** which will be generated by DCA and sent to the patient directly. Physicians that are enrolled in the DCA program will agree to a per patient cap of $75 per year with some charging less. Once the patient is approved the DCA will issue a digital record at no charge. Physicians can issue cards if the like but it's not mandatory as the DCA record will be tracked as the patient enters a licensed dispensary. A doctor's card will not replace a DCA record.

5) Physicians may write recommendations to patients 21 and under. Those patients will be given a **Minor Medical Cannabis Patients C Card (RED)** who are in need of medical cannabis. To those RED CARD patients, they will be required to renew annually until such time that they turn 21 and would qualify for a WHITE or RED CARD.

6) Physicians may write medical cannabis recommendations for those patients who see their access to cannabis as a religious liberty exercised by their use of cannabis as a sacrament. These **Medical/Religious D Card (GREEN)** would require an annual physician's and a once yearly, follow up prior to the renewal.

7) All, or a portion to be negotiated based on each individual's financial condition, of each medical cannabis patient's equitable contribution for their medication will be subject to private and public insurance thru **DCA Compensation (DCA-COMP)** at the **DCA-Point of Sale (DCA-POS).** This portion of the COMP will be DCA identified on the individual patient's card and deducted from the total shown at the POS. DCA will then bill the health care provider for the deducted amount.

SECTION 4. RETAIL CANNABIS DISPENSARIES AND DELIVERY SERVICES

1) The DCA will license Retail Cannabis Dispensaries under an annual DCA-RCD not for profit license.

2) The DCA will require a per sq-ft fee for the dispensaries entire indoor area or **Dispensary Floor Area (DFA)** of operation.

3) A DCA-RCD Licensee will have armed security at various points within their facility.

   a. All Security, whether contract or employed, must be licensed by the DCA (DCA-SEC) to wear on display, a photo ID that shows the identity of the guard and their DCA ID No.

   b. The DCA-SEC will be identified by varying levels of authority.

c. All DCA-SEC employees must be covered by a minimum $1,000,000 liability insurance with the Licensee named as an additional insured.

d. A **DCA-SEC1** licensee will be responsible for the entire security protocols of the dispensary. That will be assuring that all aspects of the dispensary are being managed by the Licensee to assure the safety of the Licensee, the employees, and the patients.

   i. The SEC1 Licensee will by the security point of contact with the DCA.

   ii. The SEC1 Licensee will be responsible for the actions of those SEC licensees below them.

   iii. The SEC1 Licensee will assure that video surveillance is active, stored for a minimum of 60 days and is signal acquired by the DCA.

   iv. The SEC1 Licensee will assure and authenticate video signal acquisition on a daily basis through a Licensee log in portal on the DCA website.

   v. The SEC1 Licensee will, at close of business, provide the DCA with a daily number of patients who have entered the DFA.

   vi. Monthly totals of patients accessing the DFA would be authenticated by the SEC1 Licensee and would require the RCD Licensee to pay a per **Patient Access Fee (DCA-PAF)** of $2.50 per patient. This payment would be self-calculated and would require that payment to DCA be made within 15 days of the prior months close of books.

e. A DCA-SEC2 Licensee will be responsible for assuring that all products brought into the dispensary has been delivered by a licensed DCA-D and that the products have the DCA bar code on those products being delivered.

   i. The SEC2 Licensee will scan the incoming products bar code and if the products are not registered on the DCA website they cannot be accepted as inventory until such time that they have been registered on the DCA website.

f. There will be a **DCA-Dispensary Screening Area (DCA-DSA)** that patients must check in to assure they have a current physician's recommendation as well as the licensed DCA Collective Farm ID No. they are a member of. Once security ascertains that patient has an active patient ID card that patient will be allowed access onto the DFA.

g. The RCD will put the guard checking the patient ID behind bullet proof glass.

h. The DSA will not allow a patient to access the DFA until such time that the doors securing the DSA have been closed. Only then will the patient be granted access to the DFA.

i. To access the DFA the patient will have to walk through a metal detector. No guns, knives or weapons will be allowed on the DFA.

j. To leave the DFA the dispensary will also be required to have a **DCA-Dispensary Secure Exit (DCA-DSE)** which like the DSA access protocols secures the DFA by independent controlled passage.

k. The DCA-SEC will provide the DCA with a real time accounting of the number of patients who gain access to the DFA. This will be referred to as **Patient Traffic Counts (PTC).**

4) There will be an annual $200 per employee fee for that dispensary.

a. RCD Bud Tenders will be classified under three separate license classifications.

b. An **RCD-Bud Tender1 (RCD-BT1)** is a general-purpose level 1 employee that has less than 1 year in the industry and has not completed any of the DCA curriculum that identifies strains and what their consensus has been for the homeopathic and naturopathic reports of others achieving homeostasis through its use, dosing and with or without any combination of prescription medications.

c. An **RCD-Bud Tender2 (RCD-BT2)** has over one year experience at bud tending and will have completed the DCA-BT2 online course curriculum that identified certain genetics with patient conditions. They are not doctors, nor will they give medical advice.

d. An **RCD-Bud Tender3 (RCD-BT3)** is required to have over 5 years' experience in any combination of medical cannabis cultivation, manufacturing, science, and retail dispensing. They will be responsible, as the last line of defense to the patient for assuring the accuracy of the products being offered, that a database is maintained that would provide those doctors doing patient follow ups information regarding the patients' genetics, dosing and any feedback they are willing to report to the RCD-BT3 Licensee. The BT3 level certification will be available through the DCA as an online accreditation.

e. When PTC levels are less than 50 patients a day or 150 during a month an RCD Licensee will only be required to, at a minimum, have one RCD-BT1 and one RCD-BT2 on staff during normal business hours. For these low PTC level dispensaries, a BT-3 level licensee would still have to be employed but they can be hired under contract and work offsite. The only requirement being that they must have access to the RCD patient database to assure accuracy of the information being available.

f. When PTC levels are greater than 200 patients a day the RCD must employ and on-site BT-3 level licensee.

g. When PTC levels are greater than 400 patients a day that RCD would agree to allow the employees to engage in collective bargaining under Labor Peace Agreements. The DCA

would then post the **DCA-Labor Peace Agreement (DCA-LPA)** on the DCA website so that customers would know that this dispensary is one that values its employees and maintains their rights under these LPA agreements.

5) The DCA will require all owners, managers, and employees to be registered with the DCA with their identities available on the DCA website and badges with pictures to be worn indicating their state DCA identification number.

6) The RCD Licensee must confirm that any transaction between a patient and the Licensee is accompanied by a current physician's recommendation. No transaction can occur without the physician's recommendation.

7) The DCA-RCD Licensee will not charge ANY taxes at the point of sale.

8) The DCA will issue **Delivery Service Licenses (DCA-DS)** under the following conditions:

    a. The DCA-DS Licensee is operating under the oversight of the RCD Licensee.

SECTION 5. CONSTRUCTION AND INTREPRETATION

The provisions of this act are meant to stand in accordance with any federal laws and not present a positive conflict with federal drug, tax, health or environmental law. It is meant to meet our international obligations under the United Nations Single Convention on Narcotics Section 49 Para 2(f) in that cannabis may be used by member nations for scientific and medical purposes only. In addition, the provisions of this act are meant to address the following conditions.

1) Culture: for generations many of the citizens of our nation have endured and been the victims of the War on Drugs. This has included cannabis when it was considered illegal at the state and federal level. Times are changing. The science is available to support the medical benefits of cannabis and with that the laws have been slowly changing to make medical cannabis an acceptable part of our lives. But that does not change the fact that there has been a history of involuntary servitude through unlawful raids, excessive force, corruption seen in law enforcement, elected and appointed officials. Lawyers and even our judiciary. This has created an atmosphere of hate and distrust amongst many who have toiled in the cannabis industry, in some cases for generations, where the "pay to play" way of doing business was considered the norm or the minority communities that would be targeted for the color of their skin with the sentences and incarceration rates being 10X greater than that of white defendants. Where our state and federal cannabis laws discriminated against our veterans, our formerly incarcerated, parents who would lose children for medical cannabis use, the "no knock" warrants that destroyed our lives, and the list goes on. These have ALL been subjective and oppressive manifestations of the "progressive" cannabis reforms we have seen under initiatives such as Prop 64. Under the RESTORATION ACT the DCA clearly has its work cut out for them but in the spirit of mending fences and serving their constituency they intend on doing so.

2) Social Equity: the benefit of medical cannabis is that it should not discriminate by race, gender, religion, sexual preference, who you know, who your family is or how much money you have. We all have times in our lives where medical cannabis could be used to improve a physical condition that would normally be addressed with alcohol or prescription drugs. We owe it to those generations who will come after us to give them an opportunity to learn and engage in the business that is cannabis. The DCA will actively work with those social equity applicants who will be living and working in their home communities to bring safe, secure, licensed cannabis to their medical patients.

3) Enforcement: There is no room for those bad actors in cannabis who will blow themselves and others up with butane extraction, steal power, take over our forests with pirate grows that threaten our air and water with pesticides and heavy metals, risk those who would accidently come across them in the wild, divert water, leave trash, leave workers in inhumane living conditions or traffic in unlicensed cannabis products. When the DCA, or any of its subagencies, are made aware of these conditions, the response will be swift and will include all remedies to eradicate the products, the equipment, recover the interdiction costs, if warranted, file criminal charges and prevent the problem from reoccurring.

4) Preemption: The RESTORATION ACT will always be seen as a ruling regulatory framework for not-for-profit medical cannabis. In the event that higher federal, or international law, reschedules cannabis so that it might be regulated in a "recreational" form whereby various sales and excise taxes can be applied and collected those enactments will never fall under the regulatory authority of the DCA. The laws, rules and regulations for medical cannabis will stand as defined in the RESTORATION ACT and will not be altered to accept any co-regulation of for-profit, "recreational" cannabis law and regulation that may be enacted at some future date.

5) Sentencing Expungement: As had been a part of Prop 64, the RESTORATION ACT will continue the process of allowing anyone who has been sentenced for cannabis related charges, prior to the issuance of the RESTORATION ACT will be eligible for early release and/or the expungement of any charges they would have been convicted of. Unlicensed cannabis activities after the issuance of the RESTORATION ACT that fall outside of PERSONAL USE may result in criminal prosecution, depending on the nature of the crime.

    a. No DCA Licensee Applicant will be denied a DCA license based on past cannabis related charges or convictions.

    b. A DCA Licensee Applicant shall be denied a DCA license if;

        i. They have been convicted of any crimes that caused damage to the environment including but not limited to, protections for instream flow and water quality.

        ii. They have been convicted of a felony violent crime.

        iii. They have been convicted of a felony crime involving fraud, deceit or embezzlement.

iv. The applicant or any of its officers, directors or owners had been sanction by a local or state authority for unauthorized commercial cannabis activities on public lands.

SECTION 5. BANKING AND CURRENCY TRANSACTIONS

Historically banking related functions within the cannabis industry, licensed or not, has been a challenge. Cannabis is mostly a cash business and the amount of cash generated and trying to get that cash into mainstream financial institutions has been a major headache for the cannabis industry. The DCA will authorize a unique crypto-currency to be known as DCA-Bucks to be used for any transactions that occur within and by those DCA licensed operations.

1) The DCA will identify those banking institutions that will convert DCA-Bucks into traditional currency and what their rate of exchange will be.

2) If the market is slow to react the DCA may create their own credit unions to service those regional licensees with converting DCA-BUCKS into traditional currencies.

SECTION 6. REPORTING AND RECORD KEEPING

The DCA would request that all licensees provide product manifests to the DCA website that would reconcile the amount of product being cultivated (based on sq-ft values) to the amount being taken by distribution. Ultimately that product is tracked through the retail cannabis dispensary and the values should reconcile. If they do not, the DCA reserves the right to open an investigation and determine through audit processes where the failure has occurred. Other records that the DCA would require be submitted electronically for public viewing would be;

1) Collective Members Records

2) Two years of tax returns

3) Local government operational licenses

SECTION 7. INDUSTRIAL HEMP

The DCA shall have an Industrial Hemp Advisory Board (DCA-IHAB) that will work to establish programs to incentivize the use of hemp for industrial applications and bioremediation projects.

1) The DCA will issue annual licenses to industrial hemp Licensees at a cost of $1.00 per acre for **Bio-Remediation Hemp Licenses (DCA-BRH).**

2) The DCA will issue annual licenses for industrial hemp for all other **Full Market Hemp (DCA-FMH)** applications at a cost of $1,000 per acre.

3) The DCA will issue annual licenses for industrial **Hemp Research and Educational (DCA-HRD)** applications at $ 500 per acre.

4) All Licensees must maintain industrial hemp crops at tested levels below three-tenths of 1 percent.

5) The DCA will regulate the licensing of hemp to those licenses for those full spectrum outdoor and greenhouse cannabis cultivation to maintain a minimum of 10 miles between the licenses. While research has shown that pollen can travel much farther than 10 miles, the amount of pollen transported between these crops decreases logarithmically with increasing distance from the source.

SECTION 8. LOCAL LAW AND REGULATION

The DCA website will act as the central portal to ascertain that all licensing requirements as have been described herein have been met. All city, town or county governments (Local) will have internal communication access for direct communication with DCA regarding general or specific licensing issues. The DCA will allow specific licensee issues that are actionable to be uploaded to the DCA Licensee account to be time stamped and if actionable will be tracked for action and response by the appropriate DCA agency under the following conditions;

1) Local governments will have their own fee-based licensing requirement. They will not collect tases for any portion of the licensed cannabis industry.

2) The DCA Licensee agrees to pay these fees and stay current with payments being made directly to that Local government.

3) The DCA Licensee agrees to maintain all Local rules and regulations for the operation of the license.

4) The Local government would agree to not take any specific action against a DCA licensee that has not been accompanied by notice to the DCA that action is being taken which would prevent that Licensee from operating in accordance with the Licensees state authorized AOAL.

   a. The Local government will issue any **DCA- Local Government Licensing (LGL**) that would maintain the Licensees state authorized AOAL.

   b. Require any Local government that had voted yes on Prop 64 and would make it unlawful to license medical cannabis within their regional control to pass a local ordinance opting out of cannabis licensing as defined under the new DCA guidelines.

SECTION 9. MEDICAL CANNABIS RESEARCH AND SCIENCE

At present, those of us seeking to expand our knowledge of how medical cannabis can be used to treat certain conditions we face that have historically been treated by prescription medications. With a rising number in prescription overuse and addiction we owe to humanity to understand what other options are available to us. We seek to understand how unique the patient/cannabis experience

has been but we must consider cannabis as a whole plant experience of those cannabinoids, thiol, terpenes and flavonoids relative to that particular patient and that condition.

Based on the decades of groundbreaking research having been done by such notable researchers as Dr's Mechoulam, Russo and Greenspoon, to name a few, this whole plant interaction has been referred to as an "entourage effect" the DCA will work to bridge the divide that has existed in many areas of medical cannabis research.

The DCA recognizes that much of this research has been done quite often without the help of government approval and authority. The DCA also recognizes that this is important work and is determined to see that the government to academic research corridors be open to those who would contribute to a better understanding of the complex nature these entourage effects affect given medical conditions. In recognition of California's decades long contributions towards the research and science of medical cannabis cultivation, genetics development and extractions the DCA will endeavor to make research and science more accessible to those institutions that wish to pursue this science.

When studying the science of the entourage effect or what, in our licensing we will be referring to as the **Medical Cannabis' Constituent Ensembles (MCCE),** researchers have historically been facing the equivalent of standing on the edge of the Grand Canyon, on a pitch-black night, firing a shotgun down into the canyon, in the hope that when they climb down in the morning, they will find something to cook for breakfast. When considering the state of cannabis research, that is not an overly broad analogy. Suffice it to say federal and state government, law and regulation has not been a part of the collaborative medical cannabis research which this highly complex field demands.

As a result of these undercoordinated research efforts, the majority of recommendations regarding the therapeutic use of medical cannabis currently being made are about what "Indica" or "Sativa" do. At a very slightly more advanced level we might hear a particular "strain" mentioned as being effective with a particular condition. These anecdotal reports get gathered into collections like "Grannie Storm Crow's List." These collections are a step in the right direction and have led to several specific strains being recommended for specific conditions and even a few being looked at for pre-clinical studies. **However, relying on this approach at the current pace we won't have a close to complete picture of which MCCE work best in treating what symptoms of which diseases and for which patients, in under 100 years, give or take a decade.**

For research to be meaningful the data it's based on must be valid. So, one axiom for any proposed research is that uniform protocols and/or calibrated standards must be used in all testing. For this reason, ANY/ALL cannabis used in DCA-MCRS research shall be tested for both active ingredients and contaminants--biological chemical or minerals. It is in the best interests of both those who would federally seek to regulate cannabis (the FDA/DEA) and those who seek to research its potentials to have uniform, industry-wide testing standards. These standards need to be at least as high as those currently imposed on the nutraceutical/dietary supplement and pharmaceutical industries.

The DCA also recognizes that under current state Prop 64 cannabis law, the for profit, “recreational” aspects of licensing cannabis put’s the state and those licensees in "Positive Conflict" with federal law under the **Controlled Substances Act (CSA)** and the USA's treaty obligations under the United Nations' "Single Convention Treaty for the Control of Dangerous Narcotics," under the terms of which only medical and research uses of cannabis with a THC content > 0.03% are permitted; and to which the United States of America is bound by as a signatory nation.

The DCA, through its **Medical Cannabis Research and Science (DCA-MCRS)** licensing intends to coordinate with those federal agencies licensing requirements to see that this research meets research guidelines when it comes to medical cannabis cultivation, genetics development and extractions. Among other benefits of coordinated research licensing is that those multi-generational and "legacy" cannabis growers willing to comply with the FDA's rules governing security of facilities for the manufacture of controlled substances would be able to do so as contracted vendors under the advanced study as to **"How Epi-genetic Factors Influence Chemotypical Expression in known Genotypes of Cannabis."** To that end the DCA will be petitioning the Administrator of the FDA to change a technical rule to allow the subjects of a formal study to pay an "Administration Fee" each time they receive a sample.

The coordination of this research licensing would help to determine the relative levels of cannabinoids, thiols, terpenes, flavonoids present in determining how a particular “vintage” of cannabis will affect a particular patient. The percentage by dry weight of the dose's mass which is comprised of these active ingredients frequently determines the strength of the dose's effects. This research would determine the MCCE influence based on assignment of appellation (region). In order for the region to be terroir would the epigenetic factors that shape terpene percentage and terpene levels as terpenes may be primarily responsible for cannabis medical with the cannabinoids being the potentiating synergistic ensemble have an influence in patient response? We just don’t know. Essentially what we are describing here is akin to the wine industry where soil, sun, water, temperatures, local micro-climates shape the characteristics of that vintage cannabis. Additional DCA-MCRS research will expand upon this area.

There is no legitimate reason, except for the current federal legal status of non-medical cannabis, that testing for potency and contaminants is being done by labs which are not ISO-certified. Many ISO certified labs have not been willing to do analytical testing on cannabis because of its status as a Schedule I Controlled Substance. This will not be the case when a DEA license for the "Manufacture a Controlled Substance for Research Purposes" is in place and coordinated through DCA licensing.

The following are currently axiomatic with regard to medical cannabis:

1) Medical cannabis is more therapeutically efficacious when its various chemical constituents are used as part of an ensemble rather than as isolated individual molecules.

2) There are literally hundreds of thousands of possible MCCE.

3) There are thousands of medical conditions which MCCE might be helpful in treating.

4) Every patient has a different biochemistry, and they frequently react differently to a given substance.

5) How a particular "vintage" of cannabis affects a particular patient is a result of the MCCE in that vintage interacting with that individual patient's biochemistry.

6) Different "Routes of Administration" can alter how a given MCCE affects a given patient. Allopathic medicine will never recognize the therapeutic use of MCCE as valid alternative to traditional pharmacology until we can produce quantifiable doses, with repeatable effects.

What is the solution to this conundrum? Wide-spread, focused, research that should be at the heart of what the world has come to know as: The California Cannabis Experience.

To that end DCA shall actively work to create a research collaborative, centered in the University of California system to determine, among other things, which MCCE might merit further study in treating specific conditions or symptoms. DCA will reach out to all cannabi-centric organizations, government agencies concerned with regulating cannabis, currently functioning cannabis testing labs and researchers to facilitate the development and acceptance of uniform testing protocols. The particular area where the need for such a collaborative is strongest is gathering the information on which to base future studies of particular MCCE interactions. The FDA/DEA is almost certainly going to impose regulations requiring testing to a stricter standard than most states are currently requiring. Those who don't conform won't be able to get the necessary permits to do legal cannabis research. The DCA intends on being at the forefront of these standards and regulatory requirements.

"What would it look like?"

DCA-MCRS members will be associated with the University of California system and other Universities and/or state Departments of Agriculture. Other members would include leading and lesser-known cannabinologists, researchers in closely related fields and every physician currently working with cannabis in patient treatments. DCA-MCRS physicians will register their patients with us in return for the right to access the information as to which MCCE in the dynamic database are indicated for which conditions/symptoms. As more and more "questionnaires" are answered, our information will get more and more accurate. Patients will be able to find the closest thing available to what they need through the sample location/questionnaire app. Science and medicine will receive a flood of information that will allow us to start pre-clinical studies on treating hundreds of specific symptoms/disorders with specific MCCE.

"How will it work?"

As previously defined in the RA, Retail Cannabis Dispensaries (RCD) will function as "sample distribution points" to distribute known samples whose MCCE have been determined using standardized testing protocols to patients enrolled by their doctors as part of qualifying study to be held under their care. Medical cannabis patients who are participating in MCCE research would be required to undergo a thorough physical workup. This is done so we can follow up on the data gathered when the patients fill out their

electronic questionnaires about how the random MCCE they pick up at participating RCD affected their symptoms. The patient takes home the "samples" they've picked out and prior to accepting their next "sample study" they must fill in the information on what they got and how they reacted.

Patients will be asked a number of questions, how the sample affected their symptoms, how and how often they administer it. etc. Patients will be able to use the app to locate the MCCE genetics available in their area which are closest to what they need.

"Why do we need it?"

We need at least 30,000 of these to begin datamining for the clusters of patients who report relief from specific symptoms and/or diseases. Let's say that of 30,000 patients tested 1700 report a particular range of similar MCCE reduces their spasticity and another 500 report that a different range helps them. The first thing we look to determine is what the two ranges have in common? The second we wish to understand would be to find out what the members of each group has in common with each other and what the two groups have that distinguishes them from each other. Is the benefit limited to those with only one condition or is the benefit to all who suffer a particular symptom, regardless of the underlying disease? The coordinated research work that the DCA-MCRS licensees does will enable many dead end studies to be avoided before the time and money of going down them is spent.

"Who will manage this portion of the DCA?"

As has been previously defined in SECTION 1, Para 2 (c)(i-ii) of the RA, there will be a 16-member Cannabis Advisory Panel (DCA-CAP) that will serve the state over 4 distinct regions. The DCA-MCRS division will be comprised of an additional 4-member **MCRS Advisory Group (MCRS-AG)** that will meet to coordinate all research and science licensing directly under their own DCA-MCRS Deputy Director. DCA-MCRS licensing will be conducted and coordinated statewide by the MCRS-AG and that supervising Deputy Director to facilitate the regional and statewide research that this division of the DCA will promulgate.

"Who will fund this research?"

The DCA-MCRS licensees will be self-funded through their traditional grant writing processes. In addition, the DCA will work to provide an investment pool opportunity whereby investors can contribute to a fund that is managed by the MCRS-AG and given to those licensees that have exhibited a need for capitalization which could benefit the overall goals of this research. There will be strict protocols associated with DCA grant money that the licensee must abide by. Any financial irregularities by the licensee may jeopardize their standing throughout the DCA programs.

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IN DEDICATION TO: All those who have been pure of heart and worked to advance the benefits of non-opioid treatments, such as medical cannabis, to enhance the quality of life for those afflicted with medical conditions in which certain strains of cannabis have shown to improve homeostasis. To all the researchers, activists, to those who have fought to keep their properties from an onslaught of government might and authority when there have been thousands of these farms that were not commercial enterprises but existed to provide the medical cannabis patient the medicine that they needed and to those who have fought the monopolization of cannabis by resisting the enactment of law and regulation that would allow only a select few to participate in an industry that by its legacy should be inclusive and fairly controlled for all. It has been your stories, and your work, that has been the inspiration for the RESTORATION ACT.