

Assigned for all purposes to: Stanley Mosk Courthouse, Judicial Officer: Jon Takasugi

URTNOWSKI & ASSOCIATES, P.C.

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Attorneys for Plaintiff From The Earth, LLC

SUPERIOR COURT FOR THE STATE OF CALIFORNIA

COUNTY OF LOS ANGELES

FROM THE EARTH, LLC, a California
Limited Liability Company;

Plaintiff,

vs.

CITY OF COMMERCE, a municipality;
MARIO BELTRAN, an individual; and **DOES**
1 through 100, inclusive;

Defendants.

CASE NO:

20STCV36221

COMPLAINT FOR:

- 1. VIOLATION OF
FOURTEENTH AMENDMENT
(42 USC §1983)**
- 2. EXTORTION (CA PENAL
CODE §523)**

Plaintiff From The Earth, LLC., alleges:

1. Plaintiff **FROM THE EARTH, LLC**, ("**Plaintiff**"), is, and at all times herein mentioned was, a California Limited Liability Company, authorized to do, and doing business in, the County of Los Angeles, State of California.
2. Plaintiff is informed and believes and on that ground alleges that, at all times herein mentioned, defendant **CITY OF COMMERCE** was and remains a municipality operating in Los Angeles County, state of California.
3. Plaintiff is informed and believes and on that ground alleges that defendant **MARIO BELTRAN**, ("**Beltran**"), is, and at all times herein mentioned was, a convicted felon residing in Los Angeles County, state of California.

1 4. Defendants **DOES 1 through 100**, inclusive, are sued herein under fictitious names since
2 their true names and capacities are unknown to Plaintiff. When the true names and
3 capacities have been ascertained, Plaintiff will amend this complaint to state the same. On
4 information and belief, at all times mentioned herein, defendants and Does 1 through 100,
5 were acting as the agents and/or employees of each remaining defendant, and acting within
6 the course and scope of said agency and/or employment, and that each fictitiously named
7 defendant is responsible in some manner for the occurrences herein mentioned and that
8 Plaintiff's damages as herein mentioned were approximately caused by such defendants
9 and each of them.
10

11 OPERATIVE FACTS

12 5. This action is based upon the tortious and corrupt conduct of the defendant City of
13 Commerce illegally conspiring with a convicted felon and disgraced former Bell city
14 councilmember, defendant Beltran, to develop a plan in which each would profit off the
15 issuance of marijuana dispensary licenses in the city of Commerce. Specifically, defendant
16 City of Commerce would grant or deny qualified cannabis business license applications
17 based upon whether or not the applicants engaged the lobbying services of defendant
18 Beltran, who in turn agreed to pay kickback to defendant City of Commerce's city council
19 members. When Plaintiff would not agree to the illegal kickbacks demanded by defendant
20 Beltran, defendant Beltran intervened in Plaintiff's application process to tortiously
21 conspire with defendant City of Commerce to illegally deny Plaintiff's cannabis license
22 application.
23

24 6. On or about October 23, 2018, Plaintiff submitted to the City of Commerce an application
25 ("Business License Application") for non-storefront cannabis delivery, cultivation,
26 manufacturing and distribution business licenses, (collectively, "Cannabis Licenses"), with
27 a proposed business location at 2912 Tanager Avenue in Commerce, California ("Business
28 Premises"). Plaintiff included with its Business License Application a check for

1 \$51,375.00, which the City of Commerce told Plaintiff was required to apply for the
2 Cannabis Licenses.

3
4 7. On October 31, 2018, defendant City of Commerce notified Plaintiff that its Business
5 License Application was advanced to phase two of the three-phase cannabis license
6 application process. [A true and accurate copy of defendant City of Commerce's October
7 31, 2018, email is attached hereto as **EXHIBIT "A"**.]

8
9 8. On November 7, 2018, the City of Commerce informed Plaintiff that it was a qualified
10 applicant and Plaintiff's Business License Application was advanced to the third and final
11 phase of the City of Commerce's Cannabis License application process. [A true and
12 accurate copy of defendant City of Commerce's November 7, 2018, email is attached
13 hereto as **EXHIBIT "B"**.] Virtually contemporaneously, defendant Beltran telephoned
14 Plaintiff and told Plaintiff, among other things, that if Plaintiff did not engage defendant
15 Beltran as its lobbyist in the Business License Application process and not pay certain
16 kickbacks to defendant Beltran, defendant Beltran would ensure that defendant City of
17 Commerce would deny all of the Cannabis Licenses Plaintiff sought.

18
19 9. Plaintiff did not respond to defendant Beltran's demands and threats because, among other
20 things, Plaintiff was not going to engage in an illegal scheme to acquire its Cannabis
21 Licenses, and because defendant Beltran, a former City of Bell councilmember, is a
22 convicted felon with a reputation for attempting to illegally assert his influence in cities
23 that are awarding cannabis licenses for his own personal gain.

24
25 10. Throughout its Cannabis Licenses application process, Plaintiff fully complied with all the
26 Business License application procedures established by defendant City of Commerce,
27 including, without limitation, providing answers to defendant City of Commerce's
28 questions, providing all requested information, and paying all additional fees demanded by

1 the City of Commerce. Because Plaintiff had fully and successfully complied with
2 defendant City of Commerce's Business License application procedure, on November 16,
3 2018, defendant City of Commerce notified Plaintiff was selected to continue to advance
4 and go before the defendant City of Commerce's city council "in order to ultimately
5 establish a lawful commercial cannabis business in the City." [A true and accurate copy of
6 defendant City of Commerce's November 16, 2018, email is attached hereto as **EXHIBIT**
7 **"C"**.]
8

9 11. On November 28, 2018, defendant City of Commerce required Plaintiff to pay an
10 additional amount of approximately \$16,520.00 to further advance Plaintiff's Business
11 License Application, which additional fee Plaintiff timely paid.
12

13 12. On November 30, 2018, at 4:39 p.m., defendant Beltran emailed Plaintiff to again demand
14 that Plaintiff hire defendant Beltran as a lobbyist and engage in Beltran's illegal kickback
15 scheme with defendant City of Commerce. [A true and accurate copy of defendant
16 Beltran's email to Plaintiff is attached hereto as **EXHIBIT "D"**.] In defendant Beltran's
17 email, defendant Beltran references his prior conversation with Plaintiff during which, as
18 mentioned above, defendant Beltran threatened to have Plaintiff's Business License
19 Application denied if Plaintiff did not engage defendant Beltran as a lobbyist and pay
20 certain kickbacks. Defendant Beltran specified the kickbacks requested in a pre-drafted
21 contract that he attached to his email demanding, among other things, that Plaintiff pay
22 defendant Beltran \$50,000.00, provide defendant Beltran with a 10% ownership interest in
23 Plaintiff, and pay defendant Beltran \$2,500.00 monthly for an indefinite length of time, in
24 exchange for defendant Beltran to "solidify [Plaintiff's] efforts to secure local permits or
25 licenses to operate cannabis businesses, specifically in the City of Commerce." Defendant
26 Beltran demanded that Plaintiff sign and return the contract to defendant Beltran within
27 twenty-four hours again with the implicit threat that Plaintiff's Cannabis Licenses would
28 be denied if Plaintiffs failed to acquiesce to Beltran's illegal demands.

1 13. Only a few minutes after defendant Beltran sent his threatening email to Plaintiff,
2 defendant City of Commerce sent an email to Plaintiff, defendant City of Commerce sent
3 its own email to Plaintiff, specifically addressed to two of Plaintiff's principals as well as,
4 inexplicably, defendant Beltran – in what is a clear intent by both defendants City of
5 Commerce and Beltran to display to Plaintiff defendant Beltran's connection to the City of
6 Commerce and defendant Beltran's ability to follow through on the threats to have
7 Plaintiff's Business License Application denied if Plaintiff did not agree to engage in the
8 illegal kickback scheme with defendants Beltran and City of Commerce. [A true and
9 accurate copy of defendant City of Commerce's email is attached hereto as EXHIBIT
10 "E".] The email stated defendant City of Commerce had authorized Plaintiff to apply for
11 a state temporary business license to engage in commercial cannabis activities within the
12 City of Commerce. Plaintiff never told defendant City of Commerce that Plaintiff was
13 affiliated with defendant Beltran, or otherwise authorized defendant Beltran to be included
14 in any of Plaintiff's interactions with defendant City of Commerce. Plaintiff immediately
15 requested defendant City of Commerce remove defendant Beltran from any future emails
16 between defendant City of Commerce and Plaintiff.

17
18 14. On or about December 1, 2018, Plaintiff told defendant Beltran that Plaintiff would not
19 sign defendant Beltran's proposed contract or otherwise retain defendant Beltran for any
20 lobbying services. Thereafter, the defendant City of Commerce's planning commission
21 issued a recommendation that Plaintiff's Business License Application be denied on the
22 sham reasoning that Plaintiff's Business Premises was too close to a school.

23
24 15. Despite defendant City of Commerce's purported justification for denying Plaintiff's
25 Business License Application, defendant City of Commerce's Municipal Code
26 §5.61.080(3)(h)(3b) only requires that cannabis businesses be located not within 600 feet
27 from schools, daycares or youth center facilities (collectively, "Sensitive Sites"). The
28 school that defendant City of Commerce's planning commission referenced as the reason

1 for denying Plaintiff's Business License Application – Vail High School – is approximately
2 1,657 feet away from Plaintiff's Business Premises. [A true and accurate copy of the
3 Continental Mapping Report dated October 24, 2018, that Plaintiff had completed as part
4 of its Business License Application is attached hereto as **EXHIBIT "F"**.] Plaintiff
5 appealed the planning commission's denial of Plaintiff's business license application, which
6 appeal was rejected.

7
8 16. Plaintiff thereafter appeared before the defendant City of Commerce's city council to
9 present Plaintiff's Business License Application. But after stringing Plaintiff's Business
10 License Application along for months, defendant City of Commerce's city council denied
11 Plaintiff's Business License Application while ignoring local law and all because of
12 Plaintiff's refusal to agree to defendant Beltran's illegal kickback scheme. Specifically,
13 during the city council meeting, the city council provided other applicants presenting
14 applications for cannabis business licenses similar to Plaintiff's Business License
15 Application additional opportunities to change their proposed business premises where the
16 city council raised an issue with the same and granted those applications. Plaintiff,
17 however, was singled out as the only cannabis business license applicant refused an
18 opportunity to change its proposed Business Premises after defendant City of Commerce
19 had raised an issue with the same – albeit unmeritoriously so. Defendant City of Commerce
20 had no possible justification to deny Plaintiff's Business License Application. Plaintiff
21 appealed, but the defendant City of Commerce did not entertain the same.

22
23 17. Plaintiff's damages amount to not less than \$400,000.00 incurred as a result of defendant
24 City of Commerce's illegally conspiring with convicted felon and disgraced former Bell
25 city councilmember, defendant Beltran, to extort Plaintiff and ultimately deny Plaintiff
26 equal protection of the laws by singling out Plaintiff to tortiously deny Plaintiff's Business
27 License Application.

1 **FIRST CAUSE OF ACTION**

2 **(Violation of 14th Amendment – 42 U.S.C. §1983)**

3 (Against Defendants City of Commerce and Does 1 through 100)

4
5 18. Plaintiff realleges and incorporates by reference the applicable allegations of paragraphs 1
6 through 18 of this complaint, inclusive.

7
8 19. Defendant City of Commerce and it's city council and planning commission members
9 acting under color of state law and with final policy-making authority, violated Plaintiff's
10 constitutional rights to equal protection of the laws under the Fourteenth Amendment of
11 the United States Constitution by irrationally targeting Plaintiff for discriminatory
12 treatment.

13
14 20. Defendants' conduct irrationally targeted Plaintiff for discriminatory treatment and singled
15 Plaintiff out for abuse by stringing Plaintiff's Business License Application along only to
16 deny it without legitimate cause or justification as a punishment for Plaintiff's refusal to
17 engage in the illegal conspiracy of convicted felon defendant Beltran without defendant
18 City of Commerce to pay illegal kickbacks to both in violation of, among others, California
19 Penal Code §§67.5, 68, 85, 86 and 88, and 18 U.S.C.A. § 666.

20
21 21. Defendant City of Commerce's stated basis for denying Plaintiff's Business License
22 Application was Plaintiff's proposed Business Location being too close to Vail High
23 School. However, that is not a possible justification or rationale basis to deny Plaintiff's
24 Business License Application because defendant City of Commerce's Municipal Code
25 §5.61.080(3)(h)(3b) only requires that cannabis businesses be located not within 600 feet
26 from Sensitive Sites schools, and the referenced high school is approximately 1,657 feet
27 away from Plaintiff's proposed Business Premises. [See, **Exhibit "F"**.] The City of
28 Commerce then singled-out Plaintiff as the only applicant that the City of Commerce

1 refused to allow to proposed an alternative business premises location, while providing
2 other cannabis business license applicants with purported business location issues present
3 at the same City Council hearing the option to select alternative locations and granting
4 those applications.
5

6 22. Accordingly, as a direct and proximate result of Defendants' violation of Plaintiff's
7 Fourteenth Amendment right to equal protection of the laws, Plaintiff has been damaged
8 by, among other things, city and application fees, plan fees, lease fees, and the loss of
9 potential income if Plaintiff had been given due consideration and eventually awarded the
10 Cannabis Licenses sought, and other such damages subject to discovery, all in an amount
11 to be proven at trial but not less than FOUR HUNDRED THOUSAND DOLLARS AND
12 ZERO CENTS (\$400,000.00) together with interest and costs.
13

14 23. On information and belief, the acts of Defendants, as alleged in this Complaint, were
15 perpetrated in bad faith in a knowing, willful, and fraudulent manner and with malice,
16 oppression or fraud. As a result, Plaintiff requests that punitive damages be awarded
17 against Defendants in a sum sufficient to punish and deter these defendants from ever again
18 engaging in such reprehensible misconduct.
19

20 **SECOND CAUSE OF ACTION**

21 **(EXTORTION – CA PENAL CODE §523)**

22 **(Against Defendants Beltran and Does 1-100)**
23

24 24. Plaintiff realleged and incorporated by reference the applicable allegations of paragraphs
25 1 through 23 of this complaint, inclusive.
26

27 25. Defendant Beltran made threats to Plaintiff's business interest through both telephonic and
28 written communication by when they told Plaintiff that if Plaintiff did not engage defendant

1 Beltran as its lobbyist for Plaintiff's Business License Application process and not pay
2 certain kickbacks to defendant Beltran, defendant Beltran would ensure that defendant City
3 of Commerce would deny all of the Cannabis Licenses Plaintiff sought. Defendant Beltran
4 specified the kickbacks he requested in a pre-drafted contract demanding, among other
5 things, that Plaintiff pay defendant Beltran \$50,000.00, provide defendant Beltran with a
6 10% ownership interest in Plaintiff, and pay defendant Beltran \$2,500.00 monthly for an
7 indefinite length of time, in exchange for defendant Beltran to "solidify [Plaintiff's] efforts
8 to secure local permits or licenses to operate cannabis businesses, specifically in the City
9 of Commerce." [See, Exhibit "D".] Defendant Beltran had his connection to carry out his
10 threats to Plaintiff displayed in an email defendant City of Commerce sent to Plaintiff,
11 which feigned a presupposition that Plaintiff had agreed to the engage in the illegal
12 kickback scheme with defendant Beltran. [See, Exhibit "E".]
13

14 26. Defendant City of Commerce, in furtherance of its illegal kickback scheme with defendant
15 Beltran, advanced Plaintiff's Business License Application through all three phases of the
16 cannabis license process and deemed Plaintiff a well-qualified applicant and awarded
17 Plaintiff authorization for a state temporary cannabis business license. [See, Exhibits "A-
18 C" and "E".] However, on or about December 1, 2018, Plaintiff told defendant Beltran
19 that Plaintiff would not engage in defendant Beltran's illegal kickback scheme with
20 defendant City of Commerce. Thereafter, defendant City of Commerce's planning
21 commission and city council denied Plaintiff's Business License Application in its entirety
22 based upon sham reasoning that Plaintiff's Business Premises was too close to a school –
23 when it is not. Plaintiff appealed to no avail.
24

25 27. Accordingly, and as a direct and proximate result of Defendants' extortionist conduct,
26 Plaintiff has sustain injury in the loss of city and application fees, plan fees, lease fees, and
27 the loss of potential income if Plaintiff had been given due consideration and eventually
28 awarded the Cannabis Licenses sought, and other such damages subject to discovery, all in

1 an amount to be proven at trial but not less than FOUR HUNDRED THOUSAND
2 DOLLARS AND ZERO CENTS (\$400,000.00) together with interest and costs.

3
4 28. On information and belief, the acts of Defendants, as alleged in this Complaint, were
5 perpetrated in bad faith in a knowing, willful, and fraudulent manner and with malice,
6 oppression or fraud. As a result, Plaintiff requests that punitive damages be awarded
7 against Defendants in a sum sufficient to punish and deter these defendants from ever again
8 engaging in such reprehensible misconduct.

9
10 **PRAYER**

11 THEREFORE, Plaintiff From The Earth, LLC, prays for judgment as follows:

12
13 **AS TO THE FIRST CAUSE OF ACTION FOR VIOLATION OF FOURTEENTH**
14 **AMENDMENT (42 USC §1983)**

- 15 1. For judgment for Plaintiff From The Earth, LLC, and against defendants City of
16 Commerce and DOES 1 through 100, jointly and severally, for the sum of not less than
17 FOUR HUNDRED THOUSAND DOLLARS ZERO CENTS (\$400,000.00);
- 18 2. For punitive damages;
- 19 3. For prejudgment interest on damages;
- 20 4. For interest thereon according to proof;
- 21 5. For costs of suit incurred herein;
- 22 6. For attorney's fees; and
- 23 7. For such other relief as the Court deems just and proper.
- 24

25 **AS TO THE SECOND CAUSE OF ACTION FOR EXTORTION (CA PENAL CODE §523)**

- 26 1. For judgment for Plaintiff From The Earth, LLC, and against defendants Mario
27 Beltran and DOES 1 through 100, jointly and severally, for the sum of not less than FOUR
28 HUNDRED THOUSAND DOLLARS ZERO CENTS (\$400,000.00);

2. Punitive damages;
3. For prejudgment interest on damages;
4. For interest thereon according to proof;
5. For costs of suit incurred herein; and
6. For such other relief as the Court deems just and proper.

Dated: September 22, 2020

URTNOWSKI & ASSOCIATES, P.C.

By:



J. Brian Urtnowski
Lisamarie McDermott
Attorneys for Plaintiff From The Earth, LLC

EXHIBIT “A”



Kintu Patel <kintu.patel@gmail.com>

Fwd:

Arrion Jafari <vrarrion@gmail.com>

Wed, Oct 31, 2018 at 9:47 PM

To: Kintu Patel <kintu.patel@gmail.com>, armen818@me.com, Jeff Pineda <vrjeff@yahoo.com>, Jayson Quinones <jayson.jq@gmail.com>, foreigngeneticssean@gmail.com

----- Forwarded message -----

From: **CCP** <CCP@ci.commerce.ca.us>

Date: Wed, Oct 31, 2018, 9:41 PM

Subject:

To:

Dear Applicant:

This email serves as confirmation that you have successfully submitted a City of Commerce Commercial Cannabis Permit Application. Your application is currently under review.

As we enter Phase II - Application Review (including Investigation, Scoring, and Ranking) - please adhere to the following policies:

1. Continue to submit all questions, comments or concerns to the City by using the CCP email. Correspondence not submitted via the CCP email will not be considered official City correspondence. It is the responsibility of the applicant to ensure all communication is exchanged via the CCP email.
2. When submitting emails to the CCP email, in the "subject" line, please include your Applicant ID # and business entity that your application is filed under. You can find this information on the white copy of your payment receipt. As indicated during your application submission appointment, the Applicant ID # will be used throughout the consideration and selection process to identify your application.

Phase II is only open to existing applicants, as such, failure to include the Applicant ID and business name may result in a delayed response.

3. Please note that it is the responsibility of the applicant to become familiar with, stay updated on, and comply with all City application policies.

Finally, a few housekeeping items:

Ø Please remain courteous and professional when interacting with the CCP Team and City Staff.

Ø Please do not call City Hall with questions regarding your application. All questions, comments or concerns MUST be submitted via email to the CCP Team. City Staff will not take notes, make return phone calls or provide additional contact info for the CCP Team who are the only authorized representatives for the City on this matter. Again, all communication MUST begin with the CCP email. This is very important to avoid miscommunication or misunderstandings. Failure to adhere to this policy may result in disqualification of your application.

Ø If you filed your application with the provisions of Section I: Unknown Premises, you will soon be notified with further instructions, if your application is selected to moved forward to Phase III.

Thank you for your application and continued cooperation.

-Commercial Cannabis Permit Team

EXHIBIT “B”



NOTICE OF QUALIFIED APPLICANTS

1 message

CCP <CCP@ci.commerce.ca.us>

Wed, Nov 7, 2018 at 4:34 PM

Cc: Norma Copado (External)) <ncopado@agclawfirm.com>, Edgar Cisneros <ECisneros@ci.commerce.ca.us>

NOTICE OF QUALIFIED APPLICANTS

At a duly-noticed public meeting, the City Council of the City of Commerce ("City"), will consider applications for commercial cannabis businesses for Commercial Cannabis Permits (CCP), in accordance with Ordinance No. 700, Section 5.61.090(4)(c) (Phase III– Final Ranking and City Council Consideration).

A meeting notice was mailed to City residents and property owners with a property located within 500 feet of one or more proposed business locations designated as "known premises" by applicants.

Applicants that were not disqualified from Phase II will be referred to the City Council for consideration. Accordingly, you are receiving this notice because your application has moved on to Phase III. Please note that referral to Phase III does not guarantee any particular result in the application process. Any selections made by the City Council are conditional, pending results of the Owner's background investigation. While you are not required to attend or make a presentation, please note City Council or CCP staff may have questions of any or all applicants.

The City Council reserves the right to amend, revise and/or reject the scoring, ranking and/or any other information presented for their consideration, and take such action on any application which the City Council finds will further the best interests of the City. Please note the City reserves the right to reject any or all applications, at any time within, or in between, the application review and selection process.

The City Council's selection will be memorialized in a written Notice of Selection (NOS) which will be issued to selected applicants following the public meeting. The City Council's consideration or selection of an applicant, during Phase III, does not grant a Commercial Cannabis Permit or approve a Development Agreement with said applicant. The NOS will include further instructions including, but not limited to, negotiating a final Development Agreement terms and conditions. The City Council's applicant selection decision shall be final.

CITY COUNCIL MEETING OF THE CITY OF COMMERCE

DATE: November 13, 2018

TIME: 6:00 P.M.

Location: 5655 Jillson Street, Commerce, CA 90040

Please direct any questions or comments to ccp@ci.commerce.ca.us. Please ensure you include your application identification number and business entity name in the email subject line.

EXHIBIT “C”



Notice of Selection #18-065 (From the Earth)

1 message

CCP <CCP@ci.commerce.ca.us>
To: Arrion Jafari <vrarrion@gmail.com>

Fri, Nov 16, 2018 at 12:00 PM

Attached herein is a "Notice of Selection" intended for Applicant Name: From the Earth / Applicant I.D. No.: 18-065.

If you are the intended recipient of this email:

1. Please confirm your receipt of same; and
2. If there are any typographical errors concerning your lawful and valid Applicant Name, your Applicant I.D. No., or your identified known premises, if any, please immediately advise the CCP Team so that we may review and make any necessary corrections.

If you have received this electronic message in error, please notify the sender, and disregard and delete the electronic message.

Thank you.

-Commercial Cannabis Permit Team



Applicant Notice of Selection November 16 2018 - 18-065.pdf

62 KB



November 16, 2018

Applicant I.D. No.: 18-065

Applicant Name: From the Earth

Known Premises [If Identified]: 2919 Tanager Avenue, Commerce CA 90040

On November 13, 2018, the City Council of the City of Commerce ("City") voted to authorize you to move forward through the required steps, processes and procedures to secure a City Commercial Cannabis Permit ("CCP") in order to ultimately establish a lawful commercial cannabis business in the City.

Please note the City Council's selection of your application during Phase III has **NOT** granted you a Commercial Cannabis Permit or approved a Development Agreement with you. Instead, please note this Notice of Selection is **conditional and contingent** on you fulfilling and completing all the requirements pursuant to Ordinance No. 700 and other applicable City policies and procedures, to lawfully establish a commercial cannabis business in the City, including, but not limited to:

1. Clearing background checks, and any related background investigation to the satisfaction of the City pursuant to Commerce Municipal Code Section 5.61.080(7) [Ordinance No. 700]; **and**
2. Continuing to negotiate with CCP staff the terms of a Development Agreement that identifies a compliant and suitably located known premises, submitting all requisite forms and applications, providing all required and complete attachments and exhibits to the Development Agreement, and executing and finalizing same, if and only if terms are mutually agreed-upon. ***Please be responsive to all CCP emails in a timely manner concerning Development Agreement negotiations; and***
3. Your Development Agreement is recommended by the Planning Commission for approval by the City Council, and given final approval by the City

Council, consistent with, and pursuant to the City's laws, rules, policies, and regulations applicable to the entering into and execution of development agreements; **and**

4. Once and IF your Development Agreement is approved, pursuant to Commerce Municipal Code Section 5.61.060 "Commercial Cannabis Permit: Authorized and Lawful Commercial Cannabis Business" [Ordinance No. 700], securing any and all respective and necessary City of Commerce, County of Los Angeles and State of California approvals, permits, licenses and all applicable required legal authorizations in order to ultimately secure a City Commercial Cannabis Permit authorizing you to operate a commercial cannabis business in the City. Any timelines imposed to secure all land use and business authorizations must be strictly adhered to and will be proactively monitored by the CCP staff.

5. **If you have NOT identified a known premises,** at this time you CANNOT immediately move forward with steps 2, 3 and 4 as listed herein, UNLESS and UNTIL you identify a known premises. Additionally, you will need to fulfill the requirements pursuant to and in accordance with the CCP application that require site-specific information and documentation, including Section H, pursuant to Commerce Municipal Code Section 5.61.060(H) [Ordinance No. 700]. Please immediately, and on an ongoing basis, provide CCP staff updates in this regard. Please note that if you do not meet all requirements including those listed in this Paragraph #5 **by December 1, 2018 at 12:00 P.M.,** your application may not be fully processed or it may be processed through a potentially alternative and delayed approval "track."

It is necessary to remind all selected applicants that the City reserves the right to reject any application, at any time, for any of the enumerated reasons listed in Commerce Municipal Code Section 5.61.090(3), as adopted by Ordinance No. 700.

Please direct any questions or comments to ccp@ci.commerce.ca.us, and ensure that your application identification number and business entity name is in the email subject line.

EXHIBIT “D”

This message and any attachment/s contain information which is confidential or privileged by law. If you are not the intended recipient, the reading, use, copy, disclosure or distribution of this information is prohibited. If you have received this message in error, please notify the sender immediately and delete as well as destroy any physical copies in your possession.

From: Mario Beltran <mario@principiagroupllc.com>

Sent: Friday, November 30, 2018 4:39 PM

To: Kintu Patel

Subject: Services Agreement Draft

Per our conversation. Please review and call me to follow up.
I would like to execute this tonight or tomorrow at the latest.

Thanks,

Mario Beltran
President
Principia Group, LLC.
13104 Philadelphia Street, Suite 206
Whittier, CA 90601
(562) 842-6070

SERVICES AGREEMENT For the City of Commerce

This Services Agreement ("Agreement") dated November 26, 2018, is entered into by and between FROM THE EARTH, LLC., a California limited liability company ("Client") and PRINCIPIA GROUP, LLC., a California limited liability company ("Consultant"), on the other hand.

Recitals

Whereas, Client is seeking to establish cannabis businesses in one or more cities, municipalities and counties throughout California that are permitting such businesses, including in the City of Commerce;

Whereas, in California certain local jurisdictions are about to pass or have passed laws to permit cannabis businesses (and the City of Commerce has passed an ordinance to permit cannabis businesses), but competition for the few permits to be issued has been and will continue to be fierce;

Whereas, Consultant Mario Beltran represents and warrants that he has the relationships, skills, training, experience and background to provide consulting and ancillary services to Client so as to ably assist and solidify the Client's efforts to secure local permits or licenses to operate cannabis businesses, specifically in the *City of Commerce*, and Consultant has complied with all local, state, and federal laws regarding business permits and licenses that may be required to perform the services required under this Agreement;

Whereas, Client and its principals represent and warrant that Client is or promptly will be sufficiently funded and organized and possesses the institutional expertise and experience so that it can operate its cannabis business to compete favorably in the medical and recreational markets in Southern California and so that it can be a good, long-term business partner to the *City of Commerce* in providing needed services to its residents;

Whereas, Client acknowledges its need for Consultant's services to maximize the potential for it to secure a cannabis permit or license in a designated jurisdiction, in particular the *City of Commerce*, and that it shall reasonably and promptly compensate Consultant for its services, commensurate with the value they provide to, and the results obtained for, Client.

In consideration of and for these Recitals and the promises set forth in this Agreement, Client and Consultant agree to the following:

Terms

1. Services to be performed by Consultant

Consultant shall provide the following services for Client, tapping on its principals' pre-existing relationships in and experience with the specified local jurisdictions, in particular *the City of Commerce*, (sometimes referred to simply as "City"), and upon their experience in successfully obtaining cannabis permits/licenses in other local jurisdictions:

- a. Advocate for City-approved cannabis ordinances, resolutions, regulations and contract terms with provisions advantageous to Client;
- b. Facilitate Client submitting application materials or making presentations to City officials designed to promote Client, its operations and potential success as a responsible and community-minded cannabis operator in the City;
- c. Advocate for the selection of Client among other cannabis businesses to be awarded a permit or license to do business in the City, including for permits to operate one or more of the following, to the furthest extent local regulation will allow: dispensary, cultivation facility, manufacturing or extraction facility, distribution, retail delivery, and testing facility. In the City, Client has opted for Consultant to seek permits to operate the following cannabis businesses, as permitted by the City's final cannabis ordinance:
 - i. Cultivation
 - ii. Manufacturing
 - iii. Distribution
 - iv. Retail Distribution
- d. Assist the Client in identifying a suitable location for its cannabis business, in conformity with the City-approved cannabis ordinance.

Consultant will use its best efforts and implement best practices in performing the enumerated services and shall do so consistent with all applicable laws, sound business judgment and ethical principles, including avoiding conflicts of interest.

2. Right of Control

Consultant retains the *sole* right to control or direct the manner in which the services described in paragraph 1 are to be performed, provided Consultant reasonably communicates to Client the efforts being undertaken and the effects of those efforts as they occur or become apparent.

Consultant's right of control shall at all times be constrained by and be in full compliance with applicable local, state, and federal laws.

3. Compensation

For Consultant's Services, Client shall compensate Consultant as follows:

- a. **Success Payment.** \$50,000 (fifty thousand dollars) upon the City's selection of Client for the award of a permit(s) to operate a cannabis business, subject only to Client negotiating and signing a Development Agreement with City.
- b. **Monthly Success Payment.** \$2,500 (two thousand five hundred dollars) each month, beginning after the first 60 days following the City's award of a permit(s) to operate a cannabis business to Client, and continuing each month thereafter for as long as the Client continues to operate the marijuana business in the City.
- c. **Accelerated Payment Upon Sale or Transfer.** If Client sells or transfer a part or all of the cannabis business established in the City, as a condition of such sale or transfer, Client's obligations under this Agreement shall be assumed by the acquiring business. Client agrees it will disclose the existence of this Agreement and its terms to any potential buyer or transferee of the business. Alternatively, Client will pay Consultant 10 percent (10%) of the sale or transfer price of the business, which payment shall be made as a condition of the closing of the transfer or sale by the new operator that purchased the Permit from Client within thirty (30) days of the effective date of any such sale, transfer or change of control.

4. Expenses

Client shall bear and pay for direct costs associated with applying for and obtaining the cannabis permit, such as the application fee paid to the City, the cost of Department of Justice or background checks or other City-imposed charges. Client also shall bear and pay for the cost of specialty professional or technical services necessary to the preparation of the application materials (for example, for architectural or dimensioned floor plans and the like; for graphic artists; for printing and binding).

Consultant will bear its own expenses associated with rendering its services under this Agreement, such as car related expenses, mileage, telephone or communications expenses, travel expenses, meals or entertainment, or the like.

5. Independent Contractor Status of Consultant

Consultant agrees that it is an independent contractor and agrees that it is its exclusive responsibility to pay for the services of its own employees, provide and pay for all employment taxes, insurance premiums, and local, state, and federal taxes related to this Agreement. Neither FICA (Social Security), FUTA (Federal Employment) nor local, state, or federal income taxes will be withheld from any payments made to Consultant by Client. As requested by Client, Consultant will provide a Form W-9 to reflect its tax payer identification number.

6. Confidentiality/ Non-Disclosure

Client and Consultant desire to engage in discussions regarding present and/or potential future business relationships in the City of Commerce and in other local jurisdictions and to enable those discussions and the formation of business relationships, they agree to these confidentiality and non-disclosure provisions. Client and Consultant acknowledge that in connection with its efforts to assist Client in securing cannabis permits in the City of Commerce and elsewhere, it will be necessary for them to share confidential information of both Client and Consultant.

As to Consultant, it will be necessary for it to disclose to Client non-public information such as the identity of key contacts, its strategies and processes, forecasts and business plans, proprietary designs, drawings, photographs or works and writings that it has created, compiled and/or developed over the years, or information relevant to potential licensing opportunities, any and all of which are valuable, special, and unique assets of Consultant and need to be protected from unauthorized disclosure. As to Client, it will be necessary for it to disclose to Consultant its business strategies and processes, forecasts and business plans, propriety formulas, designs, specifications, technical, or business data, and/or other confidential information relating to Client or Client's operations, any and all of which are valuable, special, and unique assets of Client and need to be protected from unauthorized disclosure. The information by Client and Consultant which they will share with one another but which they seek to protect against unauthorized disclosure is collectively referred to as the "Confidential Information."

Client and Consultant acknowledge and agree that the Confidential Information has significant commercial value that would be diminished by unauthorized disclosure. Accordingly, Client and Consultant, individually and on behalf of themselves, their principals, officers, employees, contractors, successors, affiliates or agents, agree to maintain the secrecy of the Confidential Information, and each of them will take reasonable actions to prevent unauthorized sharing or disclosure of the Confidential Information. Client and Consultant each further agree that each of them will not at any time or in any manner, either directly or indirectly, use any Confidential Information from the other for its own benefit and to the detriment of the other, or take any action to dilute the commercial value of the Confidential Information.

7. Resolution of Disputes

In the event of a dispute arising under this Agreement, Client and Consultant agree to waive their rights to sue one another in court for damages that each may claim against the other. Any dispute between Client and Consultant arising under this Agreement will be submitted to binding arbitration under the rules of the American Arbitration Association applicable to employment litigation, should other informal dispute resolution options prove unsuccessful. Each party will be initially responsible for their ½ share of any fees and costs associated with the arbitration, but the party that loses the arbitration will pay to the prevailing party any fees and costs incurred by the prevailing party, including, but not limited to, reasonable attorney's fees.

8. Termination

Except for nonperformance of the obligations under this Agreement either by Client or Consultant, it may be terminated only upon mutual agreement or the City's non-selection or disqualification of Client for consideration for a business permit/license by November 28, 2019.

9. Confidentiality after Termination.

The confidentiality/non-disclosure provisions of this Agreement shall remain in full force and effect after the termination of this Agreement, for a period of one (1) year after termination of this Agreement.

Execution

In witness whereof, Client and Consultant have reviewed this Agreement, have had the opportunity to consult with legal counsel of its choice, and each of them enters into this Agreement voluntarily, with full knowledge of its effects.

CLIENT

FROM THE EARTH

2919 Tanager Avenue, Commerce CA 90040

Dated: November 26, 2018

By *Kintu Patel*
Authorized Representative

CONSULTANT

PRINCIPIA GROUP, LLC

13104 Philadelphia Street, Suite 206, Whittier CA 90601

Dated: November 26, 2018

By *Mario Beltran*
Managing Member

EXHIBIT “E”



Local Authorization Notification -- 18-065 From the Earth

1 message

CCP <CCP@ci.commerce.ca.us>
To: Arrion Jafari <vrarrion@gmail.com>

Fri, Nov 30, 2018 at 4:56 PM

Hello Arrion/Kintu/Mario,

Attached please find your Local Authorization Notification which you may use to apply for a state temporary license. However, please verify and acknowledge that you read and understand the attachment in full prior to doing so.

Please make certain all other requirements have been and/or will be adhered to.

Thank you.

-Commercial Cannabis Permit Team

From: Arrion Jafari [vrarrion@gmail.com]
Sent: Wednesday, November 28, 2018 8:59 AM
To: CCP
Subject: Re: Information Update Request 18-065

ok thank you. From The Earth LLC #18-065

On Wed, Nov 28, 2018, 11:46 AM CCP <CCP@ci.commerce.ca.us<mailto:CCP@ci.commerce.ca.us> wrote:
Arrion,

Please remember to include your applicant number in all correspondence. Thank you.

-Commercial Cannabis Permit Team

From: Arrion Jafari [vrarrion@gmail.com<mailto:vrarrion@gmail.com>]
Sent: Wednesday, November 28, 2018 7:13 AM
To: CCP
Subject: Re: Information Update Request

Please find attached the doc per your request.

in regards to the license type we are applying for; 1A, Type 7, 10, 11

Please contact us with any questions.

regards

On Sat, Nov 24, 2018, 12:46 AM CCP <CCP@ci.commerce.ca.us<mailto:CCP@ci.commerce.ca.us><mailto:CCP@ci.commerce.ca.us<mailto:CCP@ci.commerce.ca.us>> wrote:
Dear Applicant,

Please adhere to the following instructions and/or provide the following information to the CCP Team, by replying to this email as soon as possible, but no later than, Wednesday, November 28, 2018, before 12:00 p.m.

1. Development Agreement Deposit and Reimbursement Agreement - Please submit a completed Reimbursement Agreement Form (available for download on the City website). Pursuant to Resolution 18-121, which establishes fees related to commercial cannabis, the fee deposit for Development Agreements is \$15,520. This deposit must be paid via cashier's check or money order to the City Cashier by noon on Wednesday, November 28, 2018. Cash, personal/business checks or credit cards will not be accepted.

2. State License Types - Indicate the state license(s) classifications you will apply for. Please keep in mind the explicit prohibitions and/or local clarifications in Ordinance No. 700, including, but not limited to: outdoor cultivation and retail storefront open to the public (i.e., dispensaries) are explicitly prohibited.

Type 1A - Cultivation; Specialty Indoor, small

Type 1B—Cultivation; Specialty mixed-light; Small 1

Type 1C—Cultivation; Specialty cottage; Small

Type 2A—Cultivation; Indoor; Small

Type 2B—Cultivation; Mixed-light; Small

Type 3A—Cultivation; Indoor; Medium

Type 3B—Cultivation; Mixed-light; Medium

Type 4—Cultivation; Nursery

Type 5A—Cultivation; Indoor; Large

Type 5B—Cultivation; Mixed-light; Large

Type 6—Manufacturer 1

Type 7—Manufacturer 2

Type 8—Testing laboratory

Type 10—Retailer

Type 11—Distributor

Type 12—Microbusiness

3. Updated Contact Info – Provide the contact information (name, phone number, and email) for the contact(s) to receive notifications on behalf of your business.

4. Development Agreement – Submit a copy of the Development Agreement (D.A.) proposal in Word.doc format (original template available on the City website) with all proposed revisions and most current information to date, using the tracking tool/redline. Please follow this step regardless of whether you already submitted a soft copy of your D.A.

Please e-mail the D.A. to ccp@ci.commerce.ca.us<<mailto:ccp@ci.commerce.ca.us>><<mailto:ccp@ci.commerce.ca.us>>> in a new email that only addresses the development agreement. In the subject line, title the email "Development Agreement Proposal 1 [Applicant Name and ID#] ". NO EXCEPTIONS.

-Commercial Cannabis Permit Team



Local Authorization Notification - 18-065.pdf

70 KB



Local Authorization Notification for State Temporary License

November 29, 2018

Application No.: 18-065

Applicant Name: From the Earth

Business Premises: 2919 Tanager Avenue, Commerce CA 90040

California State License Types:

Type 5A – Cultivation, Indoor Large

Type 7 – Manufacturer 2

Type 9 – Non-Storefront Retail Delivery

Type 11 – Distributor

The City of Commerce ("City") hereby grants authorization to the applicant to engage in the above-referenced commercial cannabis activity type(s) at the business premises address listed above. Applicant must satisfy all conditions set by the City before and when conducting commercial cannabis activity pursuant to this authorization.

Please email ccp@ci.commerce.ca.us if you have any questions pertaining to this local authorization.



Local Authorization Notification for State Temporary License

November 29, 2018

Application No.: 18-065

Applicant Name: From the Earth

Business Premises: 2919 Tanager Avenue, Commerce CA 90040

California State License Types:

Type 5A – Cultivation, Indoor Large, Type 7 – Manufacturer 2

Type 9 – Non-Storefront Retail Delivery, Type 11 – Distributor

The above-named applicant acknowledges that by using the “Local Authorization Notification for State Temporary License” to apply for a temporary state license that the City Commercial Cannabis Permit (“CCP”) staff is issuing such because it recognizes that selected applicants in Phase III who request a temporary license from state licensing agencies by December 31, 2018 may be eligible for a state provisional license. As such, while CCP staff is still currently reviewing your application as authorized by the City Council on November 13, 2018, it authorizes you to apply for a state temporary license.

The applicant must keep in mind that the City has yet to determine whether your application or the applicant meets all eligibility criteria. Furthermore, as an applicant, you are still obligated to follow through with the required steps, processes and procedures to secure a City Commercial Cannabis Permit. The Commercial Cannabis Permit is required to ultimately establish a lawful commercial cannabis business in the City.

If the City determines the application or applicant named above is not eligible for a Commercial Cannabis Permit it will revoke your local authorization and inform state licensing agencies of such. This local authorization shall not create, confer or convey any vested or nonconforming right to engage in commercial cannabis activity in the City of Commerce, and it may not be sold, assigned, or otherwise transferred to another person or entity.

(Continued on the next page...)

Please note the City Council's selection of your application during Phase III has **NOT** granted you a Commercial Cannabis Permit or approved a Development Agreement with you. Instead, please note this Notice of Selection is **conditional and contingent** on you fulfilling and completing all the requirements pursuant to Ordinance No. 700 and other applicable City policies and procedures, to lawfully establish a commercial cannabis business in the City, including, but not limited to:

1. Clearing background checks, and any related background investigation; **and**

2. Continuing to negotiate with CCP staff the terms of a Development Agreement that identifies a compliant and suitably located known premises, submitting all requisite forms and applications, providing all required and complete attachments and exhibits to the Development Agreement, and executing and finalizing same, if and only if terms are mutually agreed-upon. ***Please be responsive to all CCP emails in a timely manner concerning Development Agreement negotiations; and***

3. Your Development Agreement is recommended by the Planning Commission for approval by the City Council, and/or given final approval by the City Council, consistent with, and pursuant to the City's laws, rules, policies, and regulations applicable to the entering into and execution of development agreements; **and**

4. Once and IF your Development Agreement is approved, pursuant to Commerce Municipal Code Section 5.61.060 "Commercial Cannabis Permit: Authorized and Lawful Commercial Cannabis Business" [Ordinance No. 700], securing any and all respective and necessary City, County of Los Angeles and State of California approvals, permits, licenses and all applicable required legal authorizations in order to ultimately secure a City Commercial Cannabis Permit authorizing you to operate a commercial cannabis business in the City. Any timelines imposed to secure all land use and business authorizations must be strictly adhered to and will be proactively monitored by the CCP staff.

5. **If you have NOT identified a known premises**, at this time you CANNOT immediately move forward with steps 2, 3 and 4 as listed herein, UNLESS and UNTIL you identify a known premises. Additionally, you will need to fulfill the requirements pursuant to and in accordance with the CCP application that require site-specific information and documentation, including Section H, pursuant to Commerce Municipal Code Section 5.61.060(H) [Ordinance No. 700]. Please immediately, and on an ongoing basis, provide the CCP staff update(s) in this regard. Please note that if you do not meet all requirements including those listed in this Paragraph #5 **by December 1, 2018**, your application may not be processed or it may be processed through a potentially alternative and delayed approval "track."

It is necessary to remind all selected applicants that the City reserves the right to reject any application, at any time, for any of the enumerated reasons listed in Commerce Municipal Code Section 5.61.090(3), as adopted by Ordinance No. 700.

EXHIBIT “F”

CONTINENTAL MAPPING SERVICE

6315 Van Nuys Blvd., Suite 208 Van Nuys CA 91401

Phone (818) 787-1663

mappingsvc@aol.com

Report for Marijuana Business

Regarding the property at:

2919 Tanager Ave, Commerce CA 90040

I, Maria Muccitelli have checked the distance from
the above property to schools, daycares, parks and youth centers. I also
verified that the above property is in a CMM2 zone and believe
that the property meets the 600' sensitive use requirements.

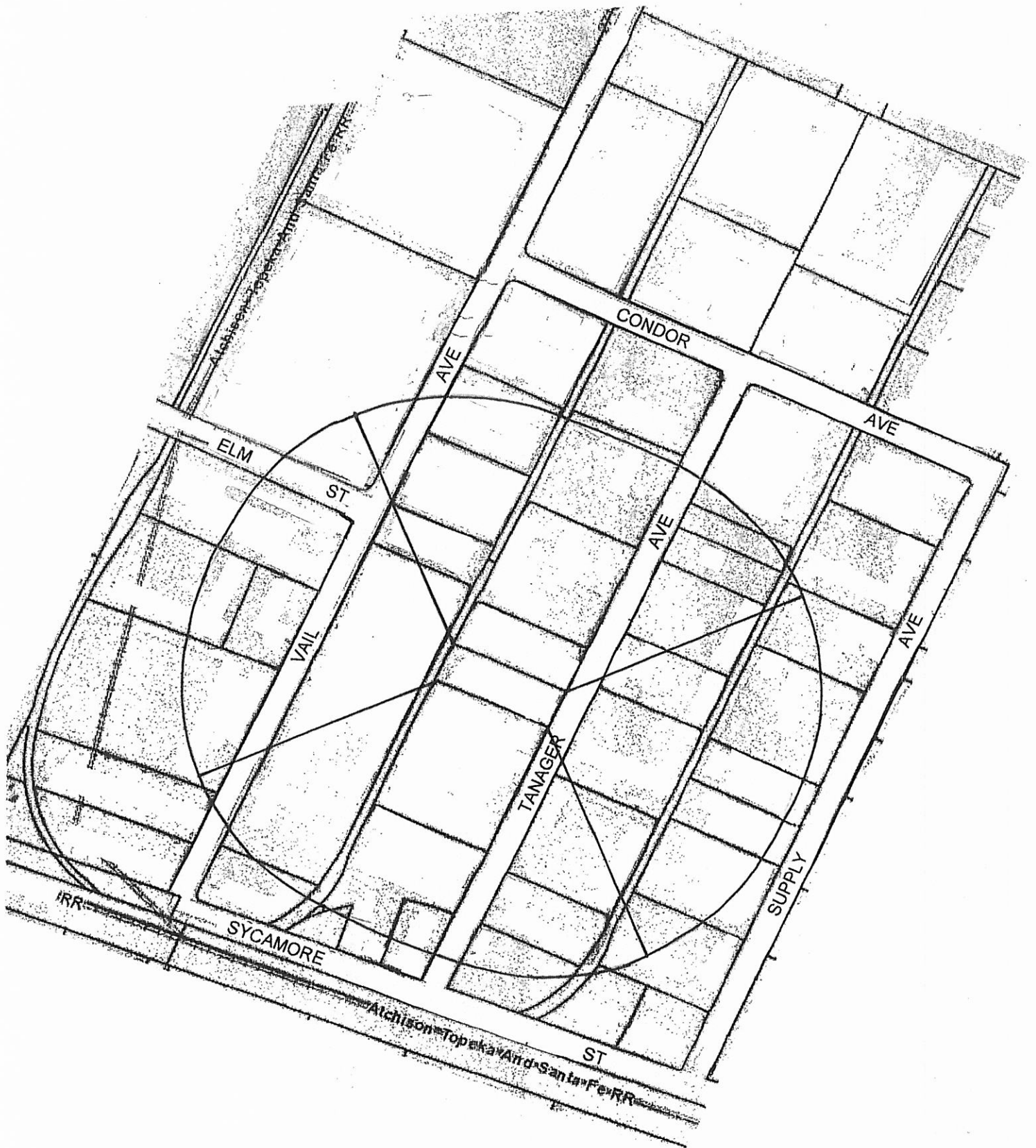
Signed: _____

Maria Muccitelli

Date: _____

10-24-18

All information we provide is based on our examination of the maps of the county of Los Angeles, and our observance of the 600-foot radius of the subject property including physical observations as well as all public records. Client agrees that CMS or any employee thereof will not be held responsible or liable for any direct or indirect costs of the client acting on recommendations resulting from our observations of the surrounding area and our expressions and opinions in this matter including the opinions expressed in any affidavit.



ADDRESS: 2919 TANAGER AVE

600' RADIUS MAP



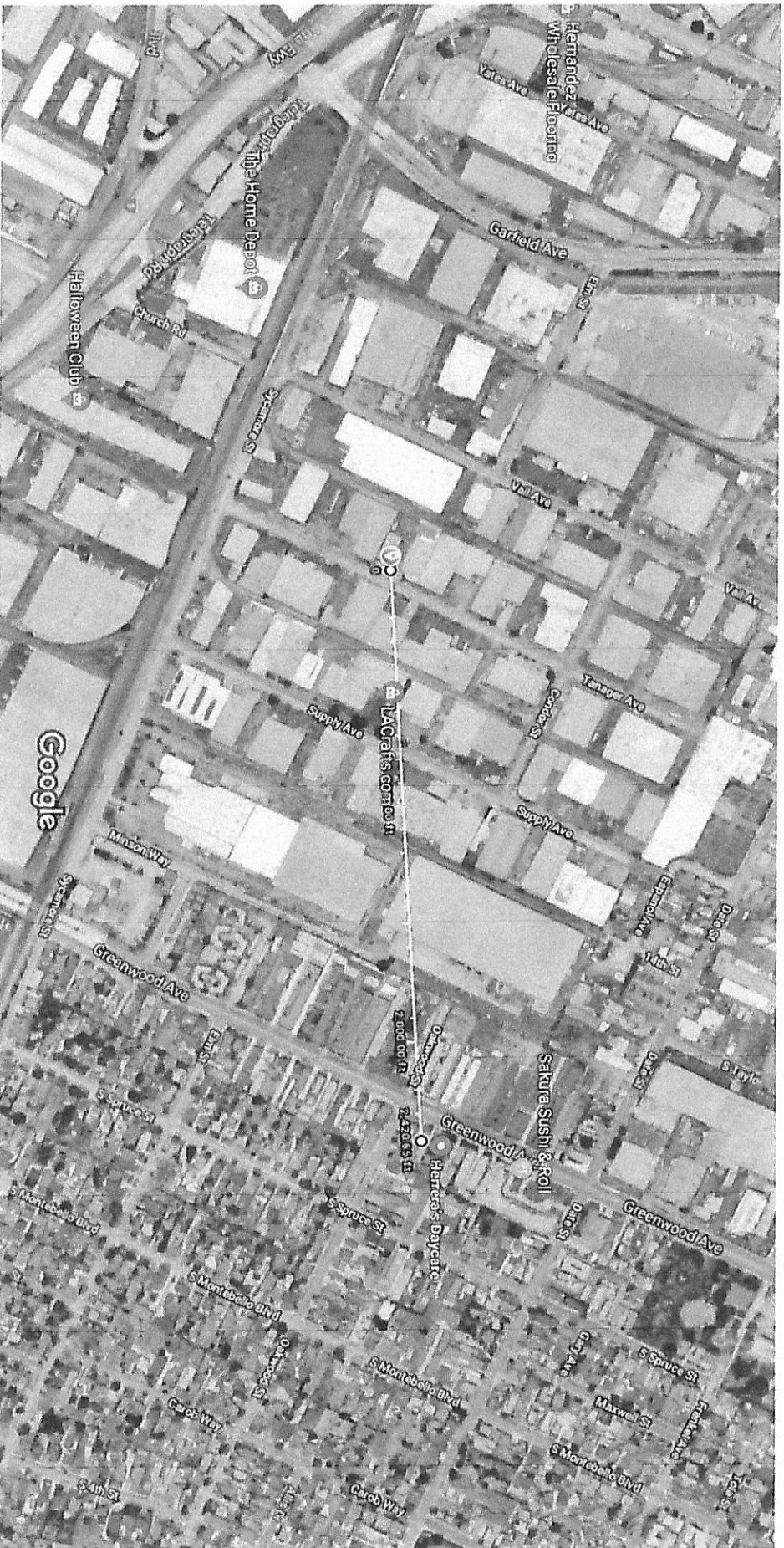
Measure distance

Total distance: 2.63 mi (4.23 km)

Google Maps

day care centers

measured from 2919 Tanager Ave



Measure distance

Total distance: 2,420.65 ft (737.81 m)

Imagery ©2018 Google, Map data ©2018 Google 500 ft

measured from 2919 Tanager Ave



Total distance: 1.14 mi (1.83 km)



Measure distance

Total distance: 1,657.58 ft (505.23 m)