

**ADMINISTRATIVE APPEAL UNDER CONNECTICUT
GENERAL STATUTES SECTION 4-183 — CITATION**

(For use when service is made by a proper officer or indifferent person)

JD-CV-138 Rev. 2-20

C.G.S. § 4-183; P.B. § 14-7A

STATE OF CONNECTICUT
SUPERIOR COURT

www.jud.ct.gov



Instructions to Person Appealing Decision :

1. The Judicial District you name in this Citation must be the Judicial District of New Britain or Judicial District where the plaintiff resides.
2. Attach the original Appeal to the original Citation.
3. If you are self-represented, bring this Citation and the Appeal to a clerk of court for the Judicial District you name below. The clerk will review and sign the Citation.
4. Give this Citation and the Appeal to a proper officer or indifferent person for service on each defendant.
5. After service has been made, file this Citation, Appeal, and the Officer's Return of Service with the clerk of court for the Judicial District named below.

For information on ADA accommodations, contact a court clerk or go to: www.jud.ct.gov/ADA.

To Any Proper Officer or Indifferent Person:

By the authority of the State of Connecticut, you are commanded to serve, according to law, a copy of the Appeal and this Citation by personal service on the agency that made the decision that is being appealed at the address of the agency or, if allowed by law, at the Office of the Attorney General, 165 Capitol Avenue, Hartford, Connecticut. Also serve, according to law, a copy of the Appeal and this Citation on each party named as a defendant in this Appeal, at the address provided on this form.

Name of case (Plaintiff v. Defendant)		Case type code (See reverse for codes)
LEAF CT LLC v. SOCIAL EQUITY COUNCIL, ET AL		Major: A Minor: 90
Judicial District	Address of Court	Telephone number of Court (with area code)
New Britain	20 Franklin Square, New Britain, CT 06051	860-515-5180

For the plaintiff(s) enter the appearance of:

Name and address of attorney, law firm or plaintiff if self-represented (Number, street, town and zip code)		Juris number (if attorney or law firm)
Reid and Riege, P.C., One Financial Plaza, Hartford, CT 06103		049362
Telephone number	Signature of plaintiff (if self-represented)	
(860) 240 -1059		

The attorney or law firm appearing for the plaintiff, or the plaintiff if self-represented, agrees to accept papers (service) electronically in this case under Section 10-13 of the Connecticut Practice Book.

☒ Yes ☐ No

E-mail address for delivery of papers under Section 10-13 of the Connecticut Practice Book (if agreed)

mmiller@rrlawpc.com

Parties	Name (Last, First, Middle Initial) and Address of Each party (Number; Street; P.O. Box; Town; State; Zip; Country, if not USA)	
First Plaintiff	Name: Leaf CT LLC Address: 1166 E Dayton Yellow Springs Road, #294, Fairborn, OH 45324-6324	P-01
Additional Plaintiff	Name: Address:	P-02
First Defendant	Name: Social Equity Council, Connecticut Department of Economic and Community Development Address: Agent for Service - William Tong, AG, 165 Capitol Avenue, Hartford, CT 06106	D-01
Additional Defendant	Name: Connecticut Department of Economic and Community Development Address: Agent for Service - William Tong, AG, 165 Capitol Avenue, Hartford, CT 06106	D-02
Additional Defendant	Name: Connecticut Department of Consumer Protection Address: Agent for Service - William Tong, AG, 165 Capitol Avenue, Hartford, CT 06106	D-03
Total number of plaintiffs: 1		Total number of defendants: 3
☐ Form JD-CV-2 attached for additional parties		

Notice to each defendant

1. The Plaintiff will file the attached Appeal of a final administrative decision. The Appeal attached to these papers states the claims that the Plaintiff is making.
2. To receive further notices, you or your attorney must file an *Appearance* (form JD-CL-12) with the clerk at the address above within thirty (30) days of the mailing of the Appeal. You do not have to come to court on that date unless you receive a separate notice telling you to come to court.
3. If you do not file an *Appearance* on time, the Court may enter sanctions against you.
4. You can get an *Appearance* form at the Court address above or on-line at <https://jud.ct.gov/webforms/>.
5. If you have questions about the Notice of Filing and the Appeal, you should talk to an attorney.

The court staff is not allowed to give advice on legal matters.

Signed (Sign and "x" proper box)	☒ Commissioner of the Superior Court ☐ Assistant Clerk	Name of person signing at left	Date
		Mary Mintel Miller	09/01/2022

If this Citation is signed by a Clerk:

- a. The signing has been done so that the plaintiff(s) will not be denied access to the courts.
- b. It is the responsibility of the plaintiff(s) to ensure that service is made in the manner provided by law.
- c. The court staff is not permitted to give any legal advice in connection with any lawsuit.
- d. The Clerk signing this Citation at the request of the plaintiff(s) is not responsible in any way for any errors or omissions in the Citation, any allegations contained in the Appeal, or the service of the Citation or Appeal.

For Court Use Only

File Date

I certify I have read and understand the above:	Signed (Self-Represented Plaintiff)	Date	Docket number

STATE OF CONNECTICUT JUDICIAL BRANCH
CASE TYPE CODES
January, 2020

MAJOR DESCRIPTION	CODE Major/Minor	MINOR DESCRIPTION
Appeals from Administrative Boards	A 00	Zoning
	A 05	Affordable Housing Appeals
	A 10	Taxation
	A 20	Liquor
	A 30	Motor Vehicle Commissioner
	A 40	Unemployment
	A 50	Worker's Compensation
	A 60	Labor Relations Board
	A 61	Environmental Protection Commissioner - State
	A 62	Commission on Hospitals/Healthcare
	A 63	Employees Review Board
	A 64	Social Services Commission
	A 65	Freedom of Information Commission
	A 66	Inland Wetlands & Conservation Commission - Local
	A 67	Retirement Commission
	A 68	Housing and Building Code Enforcement
	A 69	Human Rights and Opportunities Commission
	A 70	Department of Children and Families
	A 90	All other

RETURN DATE: SEPTEMBER 27, 2022	:	SUPERIOR COURT
	:	
LEAF CT LLC	:	JUDICIAL DISTRICT OF
	:	NEW BRITAIN
v.	:	
	:	AT NEW BRITAIN
SOCIAL EQUITY COUNCIL,	:	
CONNECTICUT DEPARTMENT OF	:	
ECONOMIC AND COMMUNITY	:	
DEVELOPMENT, AND CONNECTICUT	:	
DEPARTMENT OF CONSUMER	:	
PROTECTION	:	SEPTEMBER 1, 2022

ADMINISTRATIVE APPEAL

1. This is an appeal by Leaf CT LLC (“Leaf”) of a final decision rendered by the Social Equity Council (the “SEC”) of the Connecticut Department of Economic and Community Development (“DECD”) dated August 19, 2022, in which the SEC held that Leaf did not qualify as a social equity applicant by way of its application for a cannabis hybrid retailer license (the “Decision”). The Decision is attached hereto as Exhibit A.

Parties and Jurisdiction

2. Leaf is a domestic limited liability company with a principal place of business located at 436 Pine Street, Waterbury, Connecticut 06704.

3. The SEC is a Connecticut council established pursuant to General Statutes § 21a-420d(a). It is located within DECD for administrative purposes only. It is considered an agency within the meaning of General Statutes § 4-166(1) for purposes of appeal in accordance with General Statutes § 4-183(a).

4. DECD is a Connecticut department that derives its authority to act from General Statutes § 32-1 et seq. It is considered an agency within the meaning of General Statutes § 4-166(1) for purposes of appeal in accordance with General Statutes § 4-183(a).

5. The Connecticut Department of Consumer Protection (“DCP”) is a Connecticut department that derives its authority to act from General Statutes § 21a-1 et seq. It is considered an agency within the meaning of General Statutes § 4-166(1) for purposes of appeal in accordance with General Statutes § 4-183(a).

6. The Responsible and Equitable Regulation of Adult-Use Cannabis Act governs, inter alia, the licensing of Connecticut hybrid retailer licenses and is set forth at General Statutes § 21a-420 et seq.

7. Pursuant to General Statutes § 21a-420g(a), DCP delegated its authority to the SEC to “review the ownership information and any other information necessary to confirm that an applicant qualifies as a social equity applicant for all license type applications submitted to the department and designated by the applicant as a social equity [application].”

8. Leaf appeals the Decision pursuant to General Statutes §§ 4-183(a) and 21a-420g(d)(1), naming all three of the aforementioned parties as defendants, because the Decision was issued by the SEC, an administrative part of DECD that was exercising authority delegated to it by DCP.

9. The Decision is a final decision within the meaning of General Statutes § 4-166(5) for purposes of appeal in accordance with General Statutes §§ 4-183(a) and 21a-420g(d)(1).

Factual Background

10. General Statutes § 21a-420g provides that the SEC “shall prescribe the documentation necessary for applicants to submit to establish that ownership, residency and income requirements for social equity applicants are met. On or before September 1, 2021, the

[SEC] shall post such necessary documentation requirements on its Internet web site to inform applicants of such requirements prior to the start of the application period.”

11. General Statutes § 21a-420e(f)(2) provides that license applications shall be accepted “no sooner than thirty days after the date the [SEC] posts the criteria and supporting documentation necessary to qualify for consideration as a social equity applicant as set forth in section 21a-420g.”

12. Pursuant to General Statutes § 21a-420g(b), “prior to the first date that [DCP] begins accepting applications for a license type, [DCP] shall determine the maximum number of applications that shall be considered for such license type and post such information on its Internet web site. Fifty per cent of the maximum number of applications that shall be considered for each license type (1) shall be selected through a social equity lottery for such license type, and (2) shall be reserved by the department for social equity applicants. If, upon the close of the application period for a license type, [DCP] receives more applications than the maximum number to be considered in total or to be reserved for social equity applicants as set forth in subsection (b) of this section, a third-party lottery operator shall conduct a lottery to identify applications for review by [DCP] for the [SEC].”

13. On December 8, 2021, the SEC posted a public announcement to its website wherein it provided an overview of the lottery process and further explained, inter alia, that “[t]o qualify as a social equity applicant, the individual who is applying for the cannabis establishment license must own or control at least 65 percent of the business and meet the income and residency requirements outlined in the law.” (Emphasis added.) A copy of this public announcement is attached hereto as Exhibit B.

14. On January 4, 2022, DCP announced, by way of a press release, that, starting on February 24, 2022, it would begin accepting applications for hybrid retailer licenses for a period of 90 days, and which period would end on May 25, 2022 (the “Release”). The Release is attached hereto as Exhibit C.

15. The Release further stated that the available number of social equity hybrid retailer licenses were two.

16. The Release also explained that the SEC would confirm an applicant’s “social equity status” and that to “qualify as a social equity applicant, at least 65 percent of the ownership or control of the business must be held by individuals who meet the income and residency requirements for a social equity applicant outlined in the law.” (Emphasis added.)

17. On or about January 14, 2022, the SEC posted guidelines indicating which documentation “is required to establish ownership and control of a social equity venture.” A copy of these guidelines is attached hereto as Exhibit D (the “Guidelines”), and can be downloaded at: <https://portal.ct.gov/cannabis/-/media/Social-Equity-Council/Meeting-Files/SEA-Ownership-and-Control-rev11422.pdf>.

18. The DCP began accepting applications for social equity hybrid retailer licenses on February 24, 2022.

19. On or about March 17, 2022, a meeting was held by the Policy Committee of the SEC.

20. During that meeting, an SEC Staff Attorney, Komla Matrevi, presented a memorandum dated March 14, 2022. A copy of that memorandum is attached hereto as Exhibit E (the “Memo”).

21. The Memo proposed the adoption of a new set of criteria by which a social equity applicant must be judged.

22. Later that day, the SEC Executive Director Ginne-Rae Clay stated that the SEC did not intend to make any amendments to the Guidelines.

23. Nevertheless, the Policy Committee appears to have adopted some or all of the criteria in the Memo.

24. Such an adoption of the Memo criteria by the Policy Committee would effectively change the criteria for establishing social equity applicant status in contravention of rule-making procedure and General Statutes §§ 21a-420e and 21a-420g.

25. Neither the SEC, nor any representative or member of the SEC, provided any notice of any kind to Leaf or prospective applicants that the SEC adopted some or all of the criteria in the Memo.

26. On May 15, 2022, Leaf first applied for a social equity hybrid retailer license, and then refiled an identical application repeatedly—paying the application fee in each instance—during the following 10 days until the application period closed on May 25, 2022.

27. The applications filed by Leaf for the social equity hybrid retailer license were entered into the lottery reserved for the two available social equity hybrid retailer licenses.

28. Sometime thereafter, the third-party lottery operator selected Leaf's application for a hybrid retailer license, numbered 0004030 (the "Application"), with Leaf thereby selected as one of the two applicants destined to receive a social equity hybrid retailer license.

29. The Application was subsequently forwarded to the SEC for its review to evaluate whether Leaf qualified as a social equity applicant.

30. On August 19, 2022, Leaf received the Decision.

31. The Decision delineated the SEC's reasons for denying Leaf social equity applicant status.

32. The Decision determined that Leaf failed to establish social equity applicant status under both the Ownership and Residency requirements.

33. Leaf's argument for social equity applicant status was based on the background of its majority member, Nicholle West.

34. The Decision acknowledged that Ms. West owns 65% of Leaf, but then concluded that she "does not have the voting power in accordance with their 65% ownership and does not exercise operational authority over daily affairs of the business, nor do they have the voting power to direct the management, agents, and policies."

35. The Decision's reasoning that Ms. West did not have control mirrored the new criteria that the SEC adopted from the Memo and implemented in evaluating the ownership requirement for social equity applicant status, which were criteria that were not made known to Leaf before the application period began.

36. The SEC used these new criteria to evaluate whether Leaf qualified for social equity applicant status.

37. Had Leaf properly understood that these new criteria were in place, it would have made changes to its formation documents to reflect the control it intended Ms. West to have.

38. The Decision also determined that Ms. West did not provide enough documentation to establish that she lived in a disproportionately impacted area for at least 5 of the last 10 years, incorrectly stating that she provided documentation for only 3 of the previous 5 years.

39. In fact, Ms. West provided the following documentation establishing that she has resided in a disproportionately impacted area for at least 5 of the previous 10 years:

- a. A completed W-2 Wage and Tax Statement form for the year of 2018;
- b. Tax returns for the years of 2019, 2020, and 2021.
- c. A license issued on February 12, 2022.
- d. A license issued on February 1, 2019.
- e. A mortgage statement dated February 9, 2022.

40. Ms. West resides in a disproportionately impacted area and has resided there since 2005.

41. The SEC did not afford Leaf with the opportunity to amend or supplement the Application to ameliorate the Decision's incorrect determination that Ms. West did not have control of Leaf and that she did not reside in a disproportionately impacted area for 5 of the last 10 years.

42. Leaf's operating agreement does reflect Ms. West's power to exercise the requisite control of day-to-day operations so as to satisfy the SEC, but Leaf remains willing to make any amendments deemed necessary by the SEC or this Court.

43. The Decision stated that Leaf could elect to have the Application "entered into the general lottery for the same license type" so long as Leaf paid the remaining balance of the full lottery fee within five days, but it did not indicate whether Leaf could elect to have its other applications for social equity hybrid retailer licenses transferred to the general lottery as well.

44. In addition, at the time of the Decision, Leaf had also entered lotteries for adult use cannabis cultivator, microcultivator, medical hybrid retailer, and product manufacturer licenses, with the result that it paid \$300,375 in applicant fees.

45. As of the filing of this appeal, Leaf is unable to determine whether the SEC's conclusion, as set forth in the Decision, has impacted the outcomes of lotteries other than the lottery for the two licenses for social equity hybrid retailers.

Aggrievement

46. The Decision (specifically, the conclusion that Leaf failed to meet the SEC's residency and control requirements) prejudiced Leaf's substantial rights because it was: (a) in violation of constitutional and statutory provisions; (b) made upon unlawful procedure; (c) clearly erroneous in view of the reliable, probative, and substantial evidence on the whole record; and (d) arbitrary or capricious, or characterized by abuse of discretion.

47. Leaf has been aggrieved by the Decision, as the application period to enter the lottery for social equity hybrid retailer licenses has closed, with no indication that the DCP will begin accepting new applications or increase the number of available social equity hybrid retailer licenses.

48. Leaf is further aggrieved because it was actually selected by the third-party lottery operator for a hybrid retailer license apportioned to social equity applicants, but was incorrectly determined to not meet social equity applicant status.

49. Even if the State of Connecticut unexpectedly reopens this application opportunity next year and awards Leaf a license at that time, Leaf would have lost approximately ten million dollars in retail revenue in the meantime, and would be disadvantaged as to its opportunity to acquire one or more of its preferred choices of location.

The Decision Violated Constitutional And Statutory Provisions

50. General Statutes § 21a-421p(c) provides, in part, that "[u]pon the refusal to issue or renew a license or registration, the commissioner shall notify the applicant of the denial and of

the applicant's right to request a hearing within ten days from the date of receipt of the notice of denial."

51. The Decision did not provide Leaf with notice that it had an opportunity to request a hearing within 10 days from the date of receipt of the Decision.

52. Thus, the Decision violated § 21a-421p(c).

53. Pursuant to General Statutes § 21a-420d(f), the SEC "shall promote and encourage full participation in the cannabis industry by persons from communities that have been disproportionately harmed by cannabis prohibition and enforcement."

54. Leaf has a legitimate claim to social equity applicant status that it can prove if permitted to do so, because Ms. West (1) met the income requirements as confirmed by the Decision, (2) has resided in a disproportionately impacted area for at least 5 of the previous 10 years, and (3) owns and controls at least 65% of Leaf.

55. However, instead of adhering to § 21a-420d(f) by communicating with Leaf and encouraging supplementation or clarification of the Application in order to encourage Ms. West to fully participate in this new industry, the SEC chose instead to violate the statute.

56. The SEC amended the Guidelines after the DCP opened the hybrid retailer license application period on February 24, 2022, thus violating General Statutes §§ 21a-420e and 21a-420g(a).

57. The Decision therefore violates General Statutes § 4-183(j)(1) because the SEC failed to inform applicants, including Leaf, of the criteria and necessary documents required for establishing social equity applicant status, namely, whether a business "is at least 65% owned and controlled by an individual (or individual) who meet the residency and income requirements for SEA status."

58. Neither the SEC nor the DCP is prohibited by any of the enabling statutes from contacting applicants, including Leaf, for clarification on documents provided or perceived missing.

59. Leaf would have qualified for social equity applicant status if (a) it was aware of the criteria that the SEC actually applied in evaluating the Application and (b) the SEC afforded Leaf with any opportunity to supplement the Application.

60. The SEC's conduct, by issuing the Decision and denying the Application for the reasons stated in the Decision, contravened Leaf's right to procedural due process as guaranteed by Article 1, § 8 of the Connecticut Constitution and the Fourteenth Amendment of the United States Constitution.

61. The failure by the SEC and/or the DCP to afford Leaf an opportunity to supplement or amend the Application to address the reasons for denial set forth in the Decision deprived Leaf of notice and a meaningful opportunity to be heard.

62. The aforementioned conduct of the SEC and/or DCP thus violated § 4-183(j)(1).

The Decision Was Made Upon Unlawful Procedure

63. The Decision was made upon unlawful procedure, in violation of General Statutes § 4-183(j)(3), because the SEC failed to properly inform applicants of the criteria for ownership and control of the business entity and because the SEC applied different criteria not made known to prospective applicants prior to the beginning of application period.

64. The Decision was made upon unlawful procedure, in violation of General Statutes § 4-183(j)(3), because the SEC's procedure failed to properly evaluate, or ask for reasonable supplemental documents in order to evaluate, Leaf's social equity applicant status, whether relating to Ms. West's ownership and control of Leaf or to her residence.

The Decision Was Clearly Erroneous

65. The Application provided sufficient documentation to establish that Ms. West exercised the requisite control of Leaf because she owns 65% of Leaf and dictated the terms of the Operating Agreement for it to reflect her own desires and wishes as a majority owner of Leaf; to the extent that this was insufficient to show “control” pursuant to the SEC’s post-hoc criteria, there was sufficient evidence to establish that Ms. West could have satisfied the criteria had the SEC informed Leaf of such criteria and solicited from Leaf the necessary documentation to satisfy the criteria.

66. The Application also provided sufficient documentation to establish that Ms. West satisfied the residency requirements in the years 2022, 2021, 2020, 2019 and 2018.

67. Ms. West could have provided similar documentation for the years preceding 2018, had it been requested.

68. The SEC did not draw a reasonable conclusion based on the residency documentation submitted, and did not give Leaf the opportunity to clarify the fact that Ms. West had resided in a disproportionately impacted area for close to two decades. Leaf actually had prior tax returns of Ms. West on-hand, and could have quickly supplied them, if asked.

69. The Decision was therefore clearly erroneous in view of the reliable, probative, and substantial evidence on the whole record within the meaning of General Statutes § 4-183(j)(5).

The Decision Was Arbitrary Or Capricious Or Is Characterized By An Abuse of Discretion

70. The Decision was an arbitrary or capricious exercise of discretion, and/or was an abuse of the SEC’s discretion, in that the SEC had sufficient information to conclude that Leaf would qualify for social equity applicant status if the SEC afforded Leaf the opportunity to

provide supplemental documentation to establish that Ms. West had sufficient “control” of Leaf under its newly-adopted, post-hoc criteria.

71. The Decision was an arbitrary or capricious exercise of discretion, and/or was an abuse of the SEC’s discretion, in that the SEC had sufficient information to conclude that Leaf would likely qualify for social equity applicant status, and could have easily confirmed that if it afforded Leaf the opportunity to provide supplemental documentation to establish that Ms. West resided in a disproportionately impacted area for 5 of the previous 10 years.

72. The Decision, and the SEC’s denial of the Application, violated General Statutes § 4-183(j)(6).

PRAYER FOR RELIEF

WHEREFORE, Leaf respectfully requests that this Court enter an order:

1. Sustaining this appeal;
2. Vacating the Decision on the ground that Leaf's substantial rights have been prejudiced because the SEC's administrative findings, inferences, conclusions and decisions were: (a) in violation of constitutional and statutory provisions; (b) made upon unlawful procedure; (c) clearly erroneous in view of the reliable, probative, and substantial evidence on the whole record; and/or (d) arbitrary or capricious or characterized by an abuse of discretion;
3. Directing the SEC to qualify Leaf as a social equity applicant for a hybrid retailer license, grant Leaf a provisional hybrid retailer license, and give Leaf a fair consideration for any other licenses for other lotteries that may have been impacted by the Decision;
4. In the alternative, directing the SEC to clearly direct Leaf as to the criteria for social equity applicant status, and then permitting Leaf the opportunity to satisfy that criteria and receive the hybrid retailer license that it was awarded in the aforementioned lottery;
5. Awarding Leaf reasonable fees and expenses, including but not limited to attorney's fees, witness fees, and costs associated with the administrative and court proceedings, pursuant to General Statutes § 4-184a; and
6. Awarding such other and further legal or equitable relief as this Court may deem just and proper.

**PLAINTIFF,
LEAF CT LLC**

By: /s/ Mary Mintel Miller
Mary Mintel Miller
Jeffrey N. Kaplan
Reid and Riege, P.C.
Juris No. 49362

One Financial Plaza, 21st Floor
Hartford, CT 06103
T: 860-240-1059
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EXHIBIT A



Social Equity Council

August 19, 2022

Leaf CT LLC

Sanjay Kumar Patel
1533 Amberley CT
Xenia, OH 45385

License Type: Lottery Hybrid Retailer
Business Type: LLC

Application Number:0004030

Dear Applicant,

This letter is to inform you that the Social Equity Council (SEC) has determined that **you did not qualify as a "social equity applicant" as defined under Conn. Gen. Stat. § 21a-420(48)**. The enclosed application determination report sets forth the grounds for this determination.

Please be advised that you may elect to have your application entered into the general lottery for the same license type, provided that the remaining balance of the full lottery fee is paid **within five (5) business days** from the date of this notice.

Pursuant to Conn. Gen. Stat. § 21a-420g(g), you have a right to appeal this decision to the Superior Court within thirty (30) days from the date of this notice.

Sincerely,

A handwritten signature in blue ink, appearing to read "Ginne-Rae Clay".

Ginne-Rae Clay
Executive Director

cc: Social Equity Council
Department of Consumer Protection

State of Connecticut
Social Equity Adult-use Cannabis License
Application Determination Report (ADR)

Application Number	AMHF.0004030
License Type	ADULT-USE CANNABIS HYBRID MEDICAL RETAILER (LOTTERY)
Business Type	LIMITED LIABILITY COMPANY

Based on a review of the documentation provided within the Application, the review supports the determination that the Social Equity Applicant(s) **did not** meet all requirements constituting “social equity” status as defined in the State of Connecticut’s Public Act 21-1 “An Act Concerning Responsible and Equitable Regulation of Adult-Use Cannabis” (§ 22-165). The results of this review are summarized below.

Residency Requirement: ☐ Eligible ☒ Ineligible

Check the criteria met:

☐	Resident of a disproportionately impacted area for at least five of the ten years immediately before applying
☐	Resident of a disproportionately impacted area for at least nine years before turning 18 years old.

Income Requirement: ☒ Eligible ☐ Ineligible

Check the criteria met:

☒	Income was at or below 300% of the State Median Income for each of the previous three years. • Connecticut State Median Income: \$78,444.00 • 300% of State Median Income: \$235,332.00
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Ownership Requirement: ☐ Eligible ☒ Ineligible

Check the criteria met:

☐	A business or sole proprietor that has applied for a license for a cannabis establishment and is at least 65% owned and controlled by the social equity applicant.
☐	A business entity created by an expanding producer or converting dispensary facility and is at least 50% owned and controlled by the social equity applicant. (Equity Joint Venture)

Definitions of Ownership and Control:

<i>Ownership</i>
Ownership stake means the possession of equity in the capital, shares, stock, assets, or profits held in a cannabis business by a social equity applicant.
<i>Control</i>
Exercises operational authority over daily affairs of the business.
Has the voting power to direct the management, agents, and policies and receives the beneficial interests of the business.

Additional Notes:

Residency

The SEA did not provide sufficient documentation to verify residency within a DIA for 5 of the past 10 years or for 9 of the first 18 years of their life. The applicant uploaded a W2 for 2018, a mortgage statement dated 02/09/2022, and tax returns for 2019, 2020, and 2021. The total verifiable length of residency using the provided documentation was only 3 of the last 10 years.

Income

The SEA provided tax returns for 2019, 2020, and 2021 and did not exceed 300% of Connecticut's state median income for any of the three years. The SEA meets the income requirements.

Ownership & Control

The Company is made up of four members, one of which is the social equity applicant. One of the non-SEA applicants will serve as the Company's Manager who will manage and control the day-to-day business of the Company. Management of the company's financial transactions (other than day-to-day activities) shall require a majority approval of the Members. The Operating Agreement indicates that each member possesses 1 vote which effectively allows 25% vote for each member. The SEA does not have voting power in accordance with their 65% ownership and does not exercise operational authority over daily affairs of the business, nor do they have the voting power to direct the management, agents, and policies. This does not satisfy the requirement of ownership and control.

EXHIBIT B

Cannabis Information

How can we help?

SHARE



What is the lottery process for applicants?

 Date: December 08, 2021

Read time: 3 minutes

For each type of license, there will be two lotteries held to pick applicants:

- Social equity lottery
- General lottery

At least half of the licenses will go to applicants who qualify as Social Equity Applicants for each license type. To qualify as a social equity applicant, the individual who is applying for the cannabis establishment license must own or control at least 65 percent of the business and meet the income and residency requirements outlined in the law.

A Social Equity Applicant is somebody who:

- Had an average household income of less than three times the [State median household income](#) over the last 3 tax years; **AND**,
- Was a resident of a [disproportionately impacted area](#) for at least 5 of the past 10 years; **OR**
- Was a resident of a [disproportionately impacted area](#) for at least 9 years before the age of 18.

For the social equity lottery:

- Applicants who apply for the lottery must pay the [lottery fee](#) and put on their lottery application that they are applying as a Social Equity Applicant.

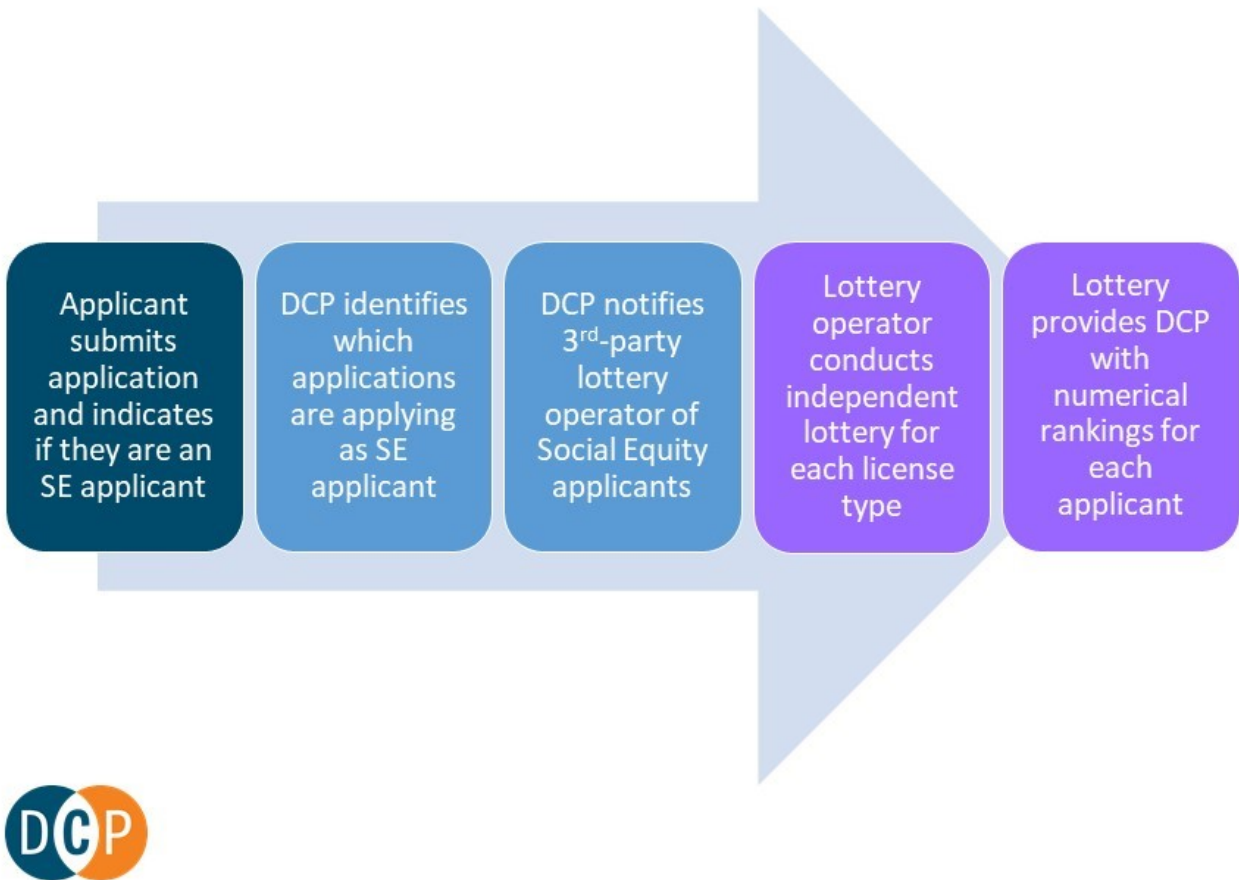
Chat with us

equity lottery.

- An outside lottery operator will run the lottery for the social equity applicants. The lottery operator will not know which numbers have been assigned to which applicants.

The lottery operator will run the lottery and provide DCP with the lottery rankings.

Lottery Process



Once the social equity lottery has been run, DCP will share the lottery winners with the Social Equity Council. The Social Equity Council will look at the information submitted and decide if the applicants picked in the lottery qualify as a social equity applicant.

- If applicant qualify as a social equity applicant, a background check will be run.
- If the applicant does NOT qualify as a social equity applicant, the applicant can pay the difference for the [full lottery fee](#) and have their application entered into the general lottery. If the applicant does not pay the full lottery fee, their application will not be entered into the general lottery and the application process will end. Another application will be picked from the social equity lottery.

Once all of the social equity applicants have been chosen, a general lottery will be run. The general lottery will include:

- Applicants who are not social equity applicants and have paid the [full lottery fee](#).

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- Did not qualify as a social lottery applicant, and
- Paid the difference for the [full lottery fee](#).
- Social equity applicants who were not picked in the social equity lottery.

Like the social equity lottery, the general lottery will be run by an outside operator. Lottery applicants will be picked until the Department has filled all of the available licenses for each license type.

[Licensing Frequently Asked Questions](#)[The Lottery Process](#)

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EXHIBIT C

Connecticut State Department of Consumer Protection

((DCP))

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Press Releases



01/04/2022

Consumer Protection Announces Date for First Application Period for Adult-Use Cannabis Licenses

Applications for adult-use cannabis establishment licenses will be available beginning in February 2022

JANUARY 4, 2022 — The Department of Consumer Protection (DCP) will begin accepting applications for certain adult-use cannabis establishment license types in 30 days, following the Social Equity Council's final approval of technical assistance plans on Tuesday morning. The Department is also announcing the number of licenses that will be available for each adult-use cannabis establishment type in the first lottery round.

"This work by the Social Equity Council is a critical step in the licensure process for the emerging Adult-Use cannabis market in Connecticut and will be instrumental in ensuring the equity goals established in the law are met," said **DCP Commissioner Michelle H. Seagull**. "The initial number of available licenses is not a cap, but a starting point for opening the adult-use cannabis market in an effective, measured and thoughtful way. We know people are anxious to apply and see this market open, and we are hopeful that making this information available will help applicants as they begin to prepare for the lottery process."

"Reviewing and vetting applications once they've been randomly selected through the lottery process will be a huge task for both DCP and the Social Equity Council," said **Andréa Comer, DCP Deputy Commissioner and Chair of the Social Equity Council**. "Establishing the number of licenses that will be available in the first application round is an important step in ensuring the Council, as well as DCP, can fairly and thoroughly review each application and issue licenses in a timely manner."

DCP will hold multiple lotteries on an ongoing basis. DCP will announce the number of available licenses before each application round.

The application rounds for the eight license types that will be selected through the lottery process will open on a staggered basis. The application period for the first round of lotteries will **remain open for 90 days** (<https://portal.ct.gov/DCP/News-Releases-from-the-Department-of-Consumer-Protection/2021-News-Releases/DCP-Commissioner-Accepts-Social-Equity-Council-Request>).

Applications for social equity cultivator licenses located in **Disproportionately Impacted Areas** (<https://data.ct.gov/stories/s/Disproportionately-Impacted-Areas-Identified-for-P/8nin-pkqb/>) will have a one-time 90-day application period beginning February 3, 2022, and ending May 4, 2022.

DCP will hold two lotteries for each license type: a social equity lottery and a general lottery. Applicants selected in the social equity lottery are subject to review by the Social Equity Council to confirm their social equity status. To qualify as a social equity applicant, at least 65 percent of the ownership or control of the business must be held by individuals who meet the income and residency requirements for a social equity applicant outlined in the law.

Once the social equity applicants are selected through the lottery process and approved by the Council, DCP will conduct the general lottery. All social equity approved applicants and those selected in the general lottery will be eligible to apply for a provisional license. More information about the lottery process is [available at ct.gov/cannabis \(https://portal.ct.gov/cannabis/Knowledge-Base/Articles/Lottery-process-for-license-applicants\)](https://portal.ct.gov/cannabis/Knowledge-Base/Articles/Lottery-process-for-license-applicants).

“We encourage applicants to be thorough, and complete their applications carefully and thoughtfully,” said **DCP Drug Control Director Rod Marriott**. “Applications for most license types will be entered into a lottery. There is no advantage for applicants who submit their lottery applications first. Applicants should prioritize submitting the best application they can.”

The department expects to open a second lottery application period for most license types in the second half of 2022.

The first application period for each license type will open for a period of 90 days on the following dates:

- **Disproportionately Impacted Area Cultivator:** February 3, 2022 (non-lottery)
- **Retailer:** February 3, 2022
- **Micro-cultivator:** February 10, 2022
- **Delivery Service:** February 17, 2022
- **Hybrid Retailer:** February 24, 2022
- **Food and Beverage:** March 3, 2022
- **Product Manufacturer:** March 10, 2022
- **Product Packager:** March 17, 2022
- **Transporter:** March 24, 2022

An equal number of licenses will be available to social equity and general applicants. The number of licenses available in each category in the first application round are listed below:

- **Retailer:** 6 general licenses, 6 Social Equity licenses
- **Micro-cultivator:** 2 general licenses, 2 Social Equity licenses
- **Delivery Service:** 5 general licenses, 5 Social Equity licenses
- **Hybrid Retailer:** 2 general licenses, 2 Social Equity licenses
- **Food and Beverage:** 5 general licenses, 5 Social Equity licenses
- **Product Packager:** 3 general licenses, 3 Social Equity licenses
- **Product Manufacturer:** 3 general licenses, 3 Social Equity licenses
- **Transporter:** 2 general licenses, 2 Social Equity licenses

Applicants for cannabis establishments licensed under the following provisions are not subject to the lottery process:

- Currently licensed medical marijuana producers converting to engage in the adult-use cannabis market
- Currently licensed medical marijuana dispensary facilities converting to a hybrid retailer license to allow for the sale of cannabis for both medicinal and adult use
- Applications for social equity cultivators located in a Disproportionately Impacted Area that meet the requirements outlined in Section 149 of Public Act 21-1 of the June 2021 Special Session
- Applicants applying for a cannabis establishment license as an Equity Joint Venture or Social Equity Partner with a licensed medical marijuana producer or dispensary facility
- Social Equity Council Micro-Cultivator Assistance Program (to be developed by the Social Equity Council)

Applications will be available at [ct.gov/cannabis \(https://gcc02.safelinks.protection.outlook.com/?url=http%3A%2F%2Fct.gov%2Fcannabis&data=04%7C01%7CKaitlyn.Krasselt%40ct.gov%7Ce10eb17166dc42c5d58f08d9cfcd90f2%7C1](https://gcc02.safelinks.protection.outlook.com/?url=http%3A%2F%2Fct.gov%2Fcannabis&data=04%7C01%7CKaitlyn.Krasselt%40ct.gov%7Ce10eb17166dc42c5d58f08d9cfcd90f2%7C1)

Interested applicants can view a [description of each license type \(/cannabis/Knowledge-Base/Articles/Licensing-Home-Page\)](#) to determine which is appropriate for their business.

Cannabis **was approved for adult-use** in June 2021. Adult-use cannabis retail sales are anticipated to begin in the state by the end of 2022. For information about Adult-Use Cannabis, visit [ct.gov/cannabis \(https://portal.ct.gov/cannabis?language=en_US\)](https://portal.ct.gov/cannabis?language=en_US).

Twitter: [DCP on Twitter \(https://twitter.com/CTDCP\)](https://twitter.com/CTDCP)

Facebook: [DCP on Facebook \(http://www.facebook.com/ctdcp\)](http://www.facebook.com/ctdcp)

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EXHIBIT D

SOCIAL EQUITY APPLICANT (SEA) OWNERSHIP & CONTROL

Per Sec. 35 of PA 21-01, the Social Equity Council shall review the ownership information and any other information necessary to confirm that an applicant qualifies as a social equity applicant for all license type applications submitted to the department and designated by the applicant as a social equity applicant. The SEC shall prescribe the documentation necessary for applicants to submit to establish that the ownership, residency, and income requirements for social equity applicants are met.

“SOCIAL EQUITY APPLICANT” is a business that has applied for a license for a cannabis establishment where the applying business is at least 65% owned and controlled by an individual (or individuals) who:

Had an average household income of less than 300% of the state median household income (SMHI) over the three tax years immediately preceding the application (SMHI in 2021 is approximately \$74,000)

THE FOLLOWING DOCUMENTATION IS REQUIRED TO ESTABLISH OWNERSHIP AND CONTROL OF A SOCIAL EQUITY VENTURE:

Please attach copies of all the following REQUIRED documents. A failure to supply any information, without justification, may result in denial of social equity certification. If any of the documents listed below are not applicable to your business structure, upload a sheet of paper with the document name and type **“Not Applicable.”**

- ☐ Organization Chart (including affiliates)
- ☐ List of owners and ownership interest
- ☐ List of Affiliates
- ☐ Résumés (including places of employment with corresponding dates), for all owners, officers, and key personnel of the applicant firm
- ☐ Personal Net Worth Statement for each social equity applicant, Backer and anyone owning five percent or more of the total ownership or interest rights in such cannabis establishment.
- ☐ Personal Federal tax returns for the past 3 years, for each social equity applicant, backer and anyone owning five percent or more of the total ownership or interest rights in such cannabis establishment.
- ☐ Federal tax returns (and requests for extensions) filed by social equity applicant, backer and anyone owning five per cent or more of the total ownership or interest rights in such cannabis establishment.
- ☐ Federal tax returns (and requests for extensions) filed by any affiliate companies, with related schedules, for the past 3 years.
- ☐ Documented proof of contributions used to acquire ownership interest rights in such cannabis establishment, for each owner (e.g., both sides of cancelled checks, letters of credit, financial agreements, bank statements etc.)
- ☐ Signed loan and security agreements, and bonding forms related to ownership or interest rights in such cannabis establishment.
- ☐ Documented proof of any transfers of assets to/from your firm and/or to/from any of its owners over the past 2 years.
- ☐ DBE/ACDBE and SBA 8(a), SDB, MBE/WBE certifications, denials, and/or decertification's, if applicable; and any appeal decisions on these actions.
- ☐ Bank authorization and signatory cards.
- ☐ Schedule of salaries (or other remuneration) paid to all officers, managers, owners, and/or directors of the company.
- ☐ List of all employees, job titles, and dates of employment (including affiliates).

- ☐ Management Agreements (if available; required for full license)
- ☐ Operating Agreements (if available; required for full license)
- ☐ Option Agreements(if available; required for full license)

IN ADDITION:

Partnership or Joint Venture

- ☐ Original and any amended Partnership or Joint Venture Agreements related to ownership or interest rights in such cannabis establishment.

Corporations or LLC

- ☐ Official Articles of Incorporation/Articles of Organization (LLC) (signed by the state official)
- ☐ Certificate of Good Standing
- ☐ Both sides of all corporate stock certificates and your firm's stock transfer ledger
- ☐ Shareholders' Agreement(s)
- ☐ Minutes of all stockholders and board of director's meetings (2 years)
- ☐ Corporate bylaws and any amendments
- ☐ Corporate bank resolution and bank signature cards
- ☐ Membership certificates (front and back) and ledgers (only required if the LLC has issued membership shares)
- ☐ Current Certificate of Good Standing (may be called Certificate of Existence or Certificate of Status)
Official Certificate of Formation and Operating Agreement with any amendments (for LLCs)

EXHIBIT E

MEMORANDUM

To: Ginne-Rae Clay, Interim Executive Director, Social Equity Council

From: Komla Matrevi, Staff Attorney at Social Equity Council

Date: 03/14/2022

Re: Proposed Definition of Ownership and Control

PROPOSED DEFINITION OF OWNERSHIP AND CONTROL

A. OWNERSHIP

- 1. The possession of at least 65% of the company's ownership stake must be owned by individual person or persons that meets the definition of a social equity applicant as provided under PA 21-1. Ownership stake means shares held in a body corporate, or the votes that a person and all the entities controlled by the person may exercise at an annual meeting or to elect directors.**
- 2. The social equity owner must maintain its principal place of business in the state of Connecticut and must meet the residency and income requirements established under PA 21-1.**

B. CONTROL

A social equity applicant owner who:

- 1. Meets the criteria of social equity applicant as defined by the Social Equity Council.**
- 2. Exercises operational authority over daily affairs of the business.**
- 3. Has the power to direct the management, agents, and policies and receives the beneficial interests of the business.**