

RETURN DATE: MARCH 12, 2024	:	SUPERIOR COURT
	:	
C3 EJV I LLC	:	JUDICIAL DISTRICT OF NEW
	:	BRITAIN
v.	:	
	:	
SOCIAL EQUITY COUNCIL	:	FEBRUARY 8, 2024

PETITION FOR ADMINISTRATIVE APPEAL

TO THE SUPERIOR COURT FOR THE JUDICIAL DISTRICT OF NEW BRITAIN ON THE 8TH OF FEBRUARY, 2024, COMES C3 EJV I LLC APPEALING PURSUANT TO SECTION 4-183 AND 21A-420G(D)(1) OF THE CONNECTICUT GENERAL STATUTES FROM THE CONNECTICUT SOCIAL EQUITY COUNCIL’S JANUARY 12, 2024 DENIAL OF ITS EQUITY JOINT VENTURE RETAIL CANNABIS LICENSE APPLICATION, AND COMPLAINED AND SAID:

The Appellant, C3 EJV I LLC, (“C3 EJV”) has been aggrieved and unjustly harmed by the Social Equity Council (“SEC”) decision denying its equity joint venture application. The SEC’s decision (the “Decision”) should be reversed for several reasons. First, the Decision is based on a misinterpretation of the clear language of Connecticut General Statutes § 21a-420(20) that defines the locations that qualify as “Disproportionately Impacted Areas” (“DIA”). Second, the SEC’s use of certain DIA zones when reviewing C3 EJV’s application is incompatible with the language of § 21a-420(20), as revised in June of 2023, as well as the SEC’s use of all DIA maps and all DIA zones when dealing with other cannabis entities, and for other social equity purposes. Third, the SEC attempted to modify applicable DIA maps by issuing non-binding email “guidance” wherein the SEC ignored and erroneously interpreted § 21a-420(20) and, as a result, it denied C3 EJV’s application without providing C3 EJV an opportunity to contest the Decision. Lastly, reversing the Decision protects the interests of other previously qualified social equity applicants, and the deals they negotiated with their cannabis investment partners.

INTRODUCTION AND PARTIES

1. Appellant, C3 EJV, is a domestic company with its principal place of business at

66 Cedar Street, Newington, CT, 06111. It brings this action to challenge the unlawful denial of its equity joint venture retail cannabis license application in the State of Connecticut.

2. Defendant SEC is an administrative agency of the State of Connecticut established pursuant to Conn. Gen. Stat. § 21a-420d(a).

3. Connecticut’s legislation legalizing adult-use cannabis – *The Responsible and Equitable Regulation of Adult Use Cannabis Act*, Conn. Gen. Stat. § 21a-420, *et seq.* (“RERACA”) – is intended to address historic injustices of cannabis prohibition through creation of economic opportunities in the emerging cannabis industry for individuals from those communities that have been harmed by the misguided war on drugs. In furtherance of this policy, the SEC is responsible for approving Equity Joint Venture (“EJV”) applications for operation as cannabis retailers and other cannabis business establishments. An EJV is a cannabis business establishment that is at least fifty percent owned and controlled by one or more individuals who qualify as Social Equity Applicants (“SEA”)’s – that is, individual(s) from Disproportionately Impacted Areas (“DIA”) who, themselves, have a history of limited income.

4. C3 EJV is an EJV sponsored by the DIA cultivator DF C3 LLC, as authorized by General Statutes § 21a-420j.

5. C3 EJV is organized and structured in a manner that meets both the letter and spirit of RERACA. C3 EJV is owned fifty percent by a non-SEA partner with the other fifty percent of its ownership held by its SEA partner, Dani Feinberg. On or about July 12, 2022, Ms. Feinberg was approved by the state as an SEA partner of DF C3 LLC, C3 EJV’s sponsoring DIA Cultivation license. (See attached ADR dated July 12, 2022 and Final DIA Cultivator Approval Letter Dated November 1, 2022)(Exhibit A). There is no dispute that C3 EJV’s organization and operating structure complies with all ownership and control criteria. (See attached Application Determination Report (“ADR”) dated January 12, 2024)(Exhibit B). There is no dispute that Ms.

Feinberg has been found to be SEA qualified because she satisfied the state's social equity requirements for residency and income. (See attached ADR dated July 12, 2022)(Exhibit A). Accordingly, C3 EJV's application satisfied all EJV approval criteria.

6. On November 29, 2023, after C3 EJV and its individual SEA partner had invested substantial money, time and effort into preparing their businesses for operation, siting its DIA cultivation facility and retail stores, and paying \$3,000,000 to the state, in reliance of the statute and the SEC's previously issued SEA approvals, C3 EJV submitted a EJV cannabis retailer application for licensure to the Connecticut Department of Consumer Protection ("DCP") and the SEC.

7. On January 12, 2024, the SEC denied C3 EJV's application on the basis that its previously approved SEA partner, Ms. Feinberg, was no longer social equity qualified. Although Ms. Feinberg had not changed her place of residence in the year since qualified as an SEA, the SEC purportedly revoked her residency qualification. In so doing, the SEC improperly ignored and/or erroneously interpreted the recent amendment to of § 21a-420(20) of RERACA that changed the definition of what qualifies as a DIA. The SEC's denying C3 EJV's application is legally inconsistent with the SEC's application of § 21a-420(2) in other contexts where the SEC still accepts and uses all DIA maps, including the placement of DIA cultivation facilities.

8. Notably, on June 23, 2023, Public Act No. 23-79 was signed into law (effective as of July 1, 2023), which, among other things, amended the definition of "Disproportionately Impacted Area"¹. The law, as amended in 2023, defines a qualified DIA as

¹ The law as amended states: (20) "Disproportionately impacted area" means (A) for the period beginning July 1, 2021, and ending July 31, 2023, a United States census tract in the state that has, as determined by the Social Equity Council under subdivision (1) of subsection (i) of section 21a-420d, as amended by this act, (i) a historical conviction rate for drug-related offenses greater than one-tenth, or (ii) an unemployment rate greater than ten per cent, and (B) on and after August 1, 2023, a United States census tract in this state that has been identified by the Social Equity Council pursuant to subdivision (2) of subsection (i) of section 21a-420d, as amended by this act..." Conn. Gen. Stat. § 21a-420(20) (emphasis added.)

either the areas identified by the SEC using the previous DIA zone criteria (i.e. the 2021 and 2022 maps) or the areas identified by the SEC using the new criteria (i.e. the 2023 map and subsequent maps). This statutory definition explicitly requires the SEC to utilize all of the approved DIA maps when considering social equity residency eligibility². Notably, the revised DIA definition in § 21a-420(20) does not correlate DIA maps to the date an EJV is submitted for review, nor make any reference application filing dates. The SEC's error in applying § 21a-420(20) resulted in the improper and unlawful denial of C3's EJV application.

9. The SEC's purported denial of C3 EJV's approval is improper and ineffective for the additional reasons that SEC does not have the authority to revoke previously granted SEA status, which was granted to Ms. Feinberg on or about July 12, 2022 – only a year before the C3 EJV application was submitted. Even if such authority existed, the SEC failed to provide mandatory procedural protections in seeking to do so. In particular, contrary to the due process guarantees of Conn. Gen. Stat. § 4-182 and corresponding federal and state constitutional provisions, the SEC failed to provide advance written notice of its intent to not apply prior DIA maps as required under § 21a-420(20), or its factual and legal bases for doing so. The SEC deprived C3 EJV of an adequate opportunity to contest the Decision.

10. Unless the Decision is reversed, C3 EJV will be legally barred from operating in the State of Connecticut and its owners will be permanently deprived of the economic and other benefits to be derived therefrom. The adverse impacts of such an outcome would fall most severely on C3 EJV's individual SEA owner – Ms. Feinberg – whom the SEC found to be among

² Pursuant to CGS § 21a-420(50) A "Social equity applicant" means a person that has applied for a license for a cannabis establishment, where such applicant is controlled, and at least sixty-five per cent owned, by an individual or individuals, or such applicant is an individual, who: (A) Had an average household income of less than three hundred per cent of the state median household income over the three tax years immediately preceding such individual's application; and (B) (i) Was a resident of a disproportionately impacted area for not less than five of the ten years immediately preceding the date of such application; or (ii) Was a resident of a disproportionately impacted area for not less than nine years prior to attaining the age of eighteen.

those intended to benefit from RERACA's restorative goals.

11. Accordingly, C3 EJV is left with no choice but to reluctantly seek redress through this appeal as authorized by Conn. Gen. Stat. §§ 21a-420g(d)(1) and 4-183, because the Decision denying its retail cannabis license application is:

- (a) based on the SEC's erroneous interpretation of the law;
- (b) in violation of statutory and/or constitutional provisions;
- (c) in excess of the SEC's statutory authority;
- (d) arbitrary and capricious; and
- (e) made upon unlawful procedure.

JURISDICTION

12. As set forth in RERACA, this Court possesses subject matter jurisdiction over this appeal pursuant to Conn. Gen. Stat. §§ 21a-420g(g) and 4-183.

13. Pursuant to Conn. Gen. Stat. § 4-183(c), venue is proper in this Court.

14. In compliance with Conn. Gen. Stat. § 21a-420g(g), C3 EJV timely brings this appeal within thirty (30) days after it was served with notice of the SEC's Final Decision, dated January 12, 2024, but not received by C3 EJV until January 16, 2024.

15. Prior to filing this appeal, C3 EJV filed a Petition Seeking Reconsideration on January 26, 2024, pursuant to General Statutes § 4-181a(a)(1)(A) and (a)(1)(C), on the grounds that "[a]n error of fact or law" has been made and/or if "other good cause for reconsideration has been shown". The SEC has not responded to C3 EJV's reconsideration request.

16. C3 EJV has exhausted all administrative remedies available and is aggrieved by the SEC's final decision.

17. C3 EJV has invested substantial economic resources and undertaken substantial

effort to pursue licensure as a cannabis retail business. It is aggrieved by the SEC's wrongful decision purporting to revoke its SEA partner's previously granted social equity approval, which thereby bars C3 EJV from obtaining final licensure from DCP and realizing the substantial economic and other benefits to be derived therefrom.

18. C3 EJV is aggrieved by the SEC's decision because it was wrongly determined that its approval was barred by the application of § 21a-420(20), as revised in June of 2023.

19. C3 EJV is aggrieved because the SEC wrongfully revoked Ms. Feinberg's previously-recognized qualification as a "social equity applicant" pursuant to RERACA Conn. Gen. Stat. § 21a-420 et seq., and it denied C3 EJV its statutory due process rights afforded to it pursuant to, inter alia, RERACA, the UAPA and constitutional provisions.

20. C3 EJV is aggrieved by the SEC's decision because it involves an inconsistent and arbitrary application of the law, whereby the SEC applies all historical DIA maps when determining eligible DIA cultivation locations, and when approving other EJVs filed in 2023, but the SEC used more limited DIA areas when reviewing C3 EJV's SEA's residency qualifications.

21. C3 EJV is aggrieved because the SEC violated RERACA, Conn. Gen. Stat. § 21a-420u and § 21a-420(20), by failing to approve its EJV application pursuant to the clear statutory language requiring approval.

22. C3 EJV is aggrieved because it was denied procedural protections and due process prior to a state agency denying its social equity approval in deprivation of guarantees of Conn. Gen. Stat. § 4-182 and related state and federal constitutional provisions.

23. C3 EJV has specific personal and legal interests at stake that the SEC's decision has specifically and injuriously affected.

FACTUAL AND PROCEDURAL BACKGROUND

24. On July 1, 2021, RERACA became effective and legalized cannabis possession and

consumption for adults 21 years or older in Connecticut.

25. A core animating goal of RERACA is to ensure restorative equity in the administration of Connecticut’s adult use cannabis legalization, including by charging the SEC with “promot[ing] and encourage[ing] full participation in the cannabis industry by persons from communities that have been disproportionately harmed by cannabis prohibition and enforcement.” Conn. Gen. Stat. § 21a-420d(f).

26. Pursuant to General Statutes § 21a-420(48), a “social equity applicant” is a person that has applied for a license for a cannabis establishment, where such establishment is “at least sixty-five percent owned and controlled by an individual or individuals who: (A) had an average household income of less than three hundred percent (300%) of the state median household income over the three (3) tax years immediately preceding such individual's application; and (B) (i) was a resident of a disproportionately impacted area for not less than five (5) of the ten (10) years immediately preceding the date of such application; or (ii) was a resident of a disproportionately impacted area for not less than nine (9) years prior to attaining the age of eighteen.”

27. Pursuant to § 21a-420(20), a "Disproportionately impacted area" means areas that: (A) for the period beginning July 1, 2021, and ending July 31, 2023, a United States census tract in the state that has, as determined by the Social Equity Council under subdivision (1) of subsection (i) of section 21a-420d, as amended by this act, (i) a historical conviction rate for drug-related offenses greater than one-tenth, or (ii) an unemployment rate greater than ten per cent, **and** [areas that] (B) on and after August 1, 2023, a United States census tract in this state that has been identified by the Social Equity Council pursuant to subdivision (2) of subsection (i) of section 21a-420d, as amended by this act..." (Emphasis added.)

28. The SEC is required by statute to “review and approve or deny in writing such equity joint venture prior to [an] equity joint venture being licensed under [RERACA].” Conn.

Gen. Stat. § 21a-420d(k). This decision has far-reaching consequences: “If the Social Equity Council determines that an applicant does not qualify as a social equity applicant, the application shall not be reviewed further for purposes of receiving a license designated for social equity applicants.” Conn. Gen. Stat. § 21a-420g(d)(1).

29. On or around October 25, 2023, the SEC issued an email purporting to provide “guidance” on the applicable DIA maps, but the email’s “guidance” misinterpreted and ignored the clear language of § 21a-420(20). In its email, the SEC said it would extend the application period for certain DIA maps, but not others, a limited period of time – until December 1, 2023. Seemingly, the SEC forgot to include the 2021 DIA map in part “a.” of its October 25th email. If the 2021 DIA map had been referenced in part “a.” of the SEC’s email, along with the 2022 and 2023 DIA maps, the legal conflicts between the email and § 21a-420(20) would be reduced.

30. On November 30, 2023 C3 EJV submitted to the SEC its application and supporting documentation for approval as an adult use cannabis retailer EJV. This application is identified as ACRE.0015683 – C3 EJV I EJV.

31. C3 EJV is owned fifty percent by a non-SEA partner with the other fifty percent of its ownership and control held by its pre-approved SEA partner, Ms. Feinberg, whom the SEC had ready found satisfied all SEA residency and income criteria.

32. On January 9, 2024, C3 EJV noticed the denial of its EJV application was listed on the upcoming SEC Monthly Meeting agenda. C3 EJV promptly contacted the SEC and Attorney General’s office and requested that its EJV application be removed from the agenda so that the parties could discuss the basis for the denial. The SEC and Attorney General failed to respond to C3 EJV’s request. C3 EJV was not given notice or the opportunity to respond to the Decision.

33. By letter dated January 12, 2024, the SEC purported to deny C3 EJV’s approval. (See attached ADR dated January 12, 2024)(Exhibit B). The denial letter stated in relevant part:

“This letter is to inform you that the Social Equity Council (SEC) has denied your Equity Joint Venture Application.” *Id.*

34. Notably, upon information and belief, the state recently settled several pending lawsuits stemming from other denied EJV applications. As part of that settlement, the SEC approved multiple EJVs that had been filed in September of 2023 even though the EJV’s social equity applicants were qualified under the original 2021 DIA maps, just like Ms. Feinberg. (See *FFDC EJV LLC et al v. Social Equity Council, et al.*, Judicial District of New Britain Docket No HHB-CV23-6078287-S).

35. Unless the Decision is reversed, C3 EJV will be legally barred from operation in the State of Connecticut and its owners will be permanently deprived of the substantial economic and other benefits to be derived therefrom. The adverse impacts of such an outcome would most directly and severely harm Ms. Feinberg – a cruel and ironic outcome in light of the economic and restorative goals of RERACA.

CLAIMS OF ERROR ON APPEAL

COUNT ONE

The SEC’s Decision Violates Statutory Provisions.

1-35. C3 EJV incorporates Paragraphs 1 through 35 of this Appeal as if fully set forth in this Count 1.

36. The Decision denying C3 EJV’s application violates statutory provisions of RERACA because, *inter alia*:

a. The SEC failed to apply to C3 EJV’s application the requirements of RERACA that were in effect as of July 1, 2023;

b. The SEC failed use the 2021 DIA map when reviewing C3’s EJV application, instead applying a legally inaccurate, limited interpretation of DIA zones;

c. The SEC revoked Ms. Feinberg's SEA status, which the SEC had itself approved in 2022, despite there being no material change in Ms. Feinberg's income or her place of residency.

d. In purporting to deny C3 EJV's application, and revoking Ms. Feinberg's SEA status, the SEC failed to provide C3 EJV notice by mail of facts or conduct which warranted the intended action and the specific provisions of the general statutes or of regulations adopted by the SEC that authorize such intended action and an opportunity to show compliance with all lawful requirements for approval, as required by Conn. Gen. Stat. § 4-182 (c) and (d).

COUNT TWO

The SEC's Decision Violates Constitutional Provisions.

1-36. C3 EJV incorporates paragraphs 1 through 36 of this Appeal as if fully set forth in this Count Two.

37. C3 EJV is entitled to receive a retail EJV license because the Applicant satisfied the requirements established by RERACA and, therefore, the SEC did not have discretion to deny its application. As such, C3 EJV has a property interest in its retail EJV license.

38. The SEC denied C3 EJV's application due to the SEC's failure to properly interpret to § 21a-420(20) and the related statutory SEA residency requirements.

39. The Decision denying C3 EJV's application on the grounds the Ms. Feinberg is no longer a SEA because she is no longer residency qualified violates state and federal constitutional guarantees of due process because C3 EJV was not provided adequate notice and opportunity to contest the revocation of the pre-existing, state issued, SEA approval.

COUNT THREE

The Decision was Affected by Errors of Law

1-39. C3 EJV incorporates paragraphs 1 through 39 of this Appeal as if fully set forth in

this Count Three.

40. By improperly interpreting and incorrectly applying the language in § 21a-420(20) the SEC's revoking of Ms. Feinberg's SEA approval and its denying C3 EJV's EJV application was affected by errors of law.

COUNT FOUR

The Decision was Arbitrary and Capricious

1-40. C3 EJV incorporates paragraphs 1 through 42 of this Appeal as if fully set forth in this Count Four.

41. The SEC's refusing to adopt the current statutory definition for what qualifies as a DIA, and following email "Guidance," instead of General Statutes, that extends application of certain DIA maps while refusing to use the 2021 DIA map, when reviewing C3's EJV application is arbitrary and incongruous with the SEC's use of all DIA maps in other instances.

42. The SEC's accepting DIA areas from all historical DIA maps when determining eligible DIA cultivation locations, but not recognizing all historical DIA areas when reviewing EJV applications, is an arbitrary and inconsistent application of § 21a-420(20).

43. The SEC's recent approval of multiple EJVs that had been filed in 2023, even though the EJV's social equity applicants were qualified under the original 2021 DIA maps, just like Ms. Feinberg, is an arbitrary and capricious application of § 21a-420(20), and inconsistent and unjust treatment towards C3 EJV.

COUNT FIVE

The SEC Exceeded its Statutory Authority

1-43. C3 EJV incorporates paragraphs 1 through 43 of this Appeal as if fully set forth in this Count Five.

44. The SEC exceeded its statutory authority because:

a. The SEC improperly applied a substantive limitation on SEA residency qualifications that resulted in the denial of C3 EJV's application.

b. The SEC's Decision is incompatible with § 21a-420(20)'s definition of "DIA", Ms. Feinberg is qualified under § 21a-420(20)(A) at the time C3 EJV applied for an EJV.

c. Having failed to provide adequate notice and opportunity to contest the denial of Mr. Feinberg's SEA qualification or the denial of C3 EJV's application, the SEC lacked authority to revoke Ms. Feinberg's previously granted SEA approval.

COUNT SIX

The SEC's Decision was Made Upon Unlawful Procedure.

1-44. C3 EJV incorporates paragraphs 1 through 44 of this Appeal as if fully set forth in this Count Six.

45. The Decision was made upon unlawful procedure because, in purporting to deny C3 EJV's application, the SEC erroneously interpreted § 21a-420(20) and revoked Ms. Feinberg's previously issued SEA approval and it failed to provide C3 EJV an opportunity to show compliance with all lawful requirements for the retention of Ms. Feinberg's SEA approval, as required by Conn. Gen. Stat. § 4-182 (c) and (d) and federal and state guarantees of procedural due process.

WHEREFORE, C3 EJV appeals from the decision of the Social Equity Council and prays for judgment as follows:

1. Sustaining this appeal;
2. Reversing SEC's purported denial of C3 EJV's application;
3. Remanding with instructions for the SEC to approve C3 EJV's application;
4. Such other relief as the Court deems just and appropriate.

Dated at Stamford, Connecticut this February 8, 2024

**THE APPLICANT,
C3 EJV I LLC**

By: 

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EXHIBIT A



Dated July 13, 2022

Social Equity Council

DF C3 LLC

Ankur Rungta
85 Camp Ave
Stamford, CT 06907

License Type: Cultivator
Business Type: LLC

Application Number: 0000042

Dear Applicant,

This letter is to inform you that the Social Equity Council (SEC) has determined that **you did not meet the criteria to qualify as a "social equity applicant" as defined under Public Act 21-1.**

For an applicant to qualify for social equity status, the applicant must provide documentation verifying that the required residency, income, ownership, and control criteria are met. Please see the attached application determination report for more detailed information regarding the review of your application.

If you would like to appeal the SEC's decision regarding your application, you must submit an appeal to the Superior Court in accordance with the Uniform Administrative Procedure Act (UAPA) within 30 days from the date of this letter.

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	ACCE.0000042
License Type	ADULT-USE CANNABIS CULTIVATOR
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 **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.

Re: Dani feenberg

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:

The SEA is a 65% owner of the company and the sole board member (Manager) at this time. According to Article 7.2 of the Operating Agreement, The Board of Directors, (currently solely the SEA), has the authority to increase the number of Board members and therefore allows the SEA to retain control of the company by maintaining their role as the sole board member. Additionally, the Board holds the authority to determine distributions of net cash flow to Interest Holders, pro rata with their ownership interest.

The company has entered into a Management Services Agreement with the non-SEA backer (Business Manager). This agreement allows for the board to delegate sole authority to operate the business and act on behalf of the Company. Section 2 of the Management Agreement outlines that the Business Manager will provide Operational Services which include the day-to-day operations including, without limitation, production, sales, financial services, vendor relations, legal, employment etc. and Real Estate and Construction Development including acquisition, leasing, disposition of real property, development of new facilities, retail stores, etc. The consent of the Company is required with regard to entering into security credit agreements but cannot be "unreasonably withheld."

Section 4 of the Management Services Agreement provides that the Company does not have the ability to terminate the Management Services Agreement without cause of material failure of the Business Manager; however, the Business Manager may terminate the agreement for convenience at any time with adequate notice to the Company. It is unclear whether the Company or the Board of Directors has authority or input over the services provided under the Management Agreement on an ongoing basis.

The provisions of the Management Agreement appear to limit the authority and involvement of the Company, its Board of Directors, and the SEA. The inability for the Social Equity Applicant to terminate the Management Services Agreement as a matter of convenience undermines the SEA's control of the Company.



Social Equity Council

November 1, 2022

DF C3 LLC

**Ankur Rungta
4420 Varsity Drive
Ann Arbor, MI 48108**

**License Type: DIA Cultivator
Business Type: LLC**

Application Number: 0000042

Dear Applicant,

This letter is to inform you that the Social Equity Council (SEC) has determined that your remanded application has met the criteria for ownership and control as defined under Conn. Gen. Stat. § 21a-420(48). The enclosed application determination report sets forth the grounds for this determination.

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

Remanded Application Determination Report (R-ADR)

Application Number	ACCE.0000042
License Type	ADULT-USE CANNABIS CULTIVATOR
Business Type	LIMITED LIABILITY COMPANY

Based on a previous review of the documentation provided within the Application, the review supported the determination that the Social Equity Applicant(s) did not meet the Ownership and Control 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).

This application has been remanded for reconsideration. After further review of the newly submitted documentation, the Social Equity Applicant(s) did meet the Ownership and Control requirements. The results of this second review are summarized below.

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:

Ownership & Control

The entity's operating agreement demonstrates that the SEA owns 65% of the business; they exercise operational authority over daily affairs of the business and have the voting power to direct the management, agents, and policies and receives the beneficial interests of the business. As the sole Manager on the Board of Managers, the Social Equity Applicant has the voting power to direct the management, agents, and policies. The SEA exercises operational authority over daily affairs of the business as the Board of Managers and may delegate authority to officers as they see fit. Although the initial officers are non-SEA Members, the SEA has the authority to delegate or revoke the power of officers at any time. The company entered into a consulting services agreement with the non-SEA backer entity. The SEA is in control of this services agreement and has the ability to terminate at any time with or without cause, while also retaining all operational authority over the daily affairs of the business.

EXHIBIT B



Social Equity Council

Sent Via Email 1/12/24

**Dani Feinberg
C3 EJV I LLC
85 Camp Avenue Unit 8G
Stamford, CT 06907**

Re: ACRE.0015683

This letter is to inform you that the Social Equity Council (SEC) has **denied your Equity Joint Venture Application**. A copy of this denial notification has been forwarded to the Department of Consumer Protection.

If you have any questions, please contact Karen Colebut at Karen.Colebut@ct.gov.

Sincerely,

A handwritten signature in black 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	ACRE.0015683
License Type	ADULT-USE CANNABIS RETAILER (EJV)
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.

Re: Dani Fernberg

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:

<u>Ownership</u>
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.
<u>Control</u>
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 provided homeowners insurance policy to verify residency within a DIA for 5 of the last 10 years. However, the SEA's address does not fall within a DIA based on the 2022 or the 2023 DIA maps. Therefore, the SEA does not meet the residency requirements.

Income

The SEA provided tax returns for 2018, 2019, and 2020 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 entity's operating agreement demonstrates that the SEA owns 50% of the business; they exercise operational authority over daily affairs of the business and have the voting power to direct the management, agents, and policies and receives the beneficial interests of the business.