

C-6

December 10, 2019

HONORABLE MAYOR AND CITY COUNCIL
City of Long Beach
California

RECOMMENDATION:

Refer to a Hearing Officer the business license application denial appeal by LB City Farms, LLC, to operate a business, located at 3333 E. 59th Street. (District 9)

DISCUSSION

On October 7, 2019, the Department of Financial Management denied the business license applications for LB City Farms, LLC (Applicant), to operate a medical and adult-use cannabis cultivation and manufacturing facility at 3333 E. 59th Street (Property) (Attachment A), due to failure of the business to comply with applicable laws and regulations, pursuant to Long Beach Municipal Code (LBMC) Section 3.80.210 and Section 5.92.210 (Attachment B).

On October 18, 2019, the Applicant filed an appeal of the business license application denial (Attachment C).

Pursuant to LBMC Section 3.80.210, it is unlawful for any person to carry on any business without having procured a business license. Due to the determination that an illegal cannabis establishment was operating upon the subject Property, and a valid business license had not been issued, the applications submitted by the Applicant for the Property located at 3333 E. 59th Street were denied.

Pursuant to LBMC Section 3.80.421.6, an applicant for a business license whose application for such license has been denied by the Director of Financial Management may appeal to the City Council. Whenever it is provided that a hearing shall be heard by the City Council, the City Council may, at its discretion, conduct the hearing itself or refer it to a hearing officer, in accordance with LBMC 2.93.050(A). If the matter is referred, the City Council shall set the hearing to be held not less than 20 days thereafter.

This matter was reviewed by Deputy City Attorney Arturo D. Sanchez on November 18, 2019.

TIMING CONSIDERATIONS

If referred, upon selection of a hearing officer, the matter will be heard not less than 20 days thereafter.

FISCAL IMPACT

There is no fiscal or local job impact associated with this item.

SUGGESTED ACTION:

Approve recommendation.

Respectfully submitted,



JOHN GROSS
DIRECTOR OF FINANCIAL MANAGEMENT

ATTACHMENTS

ATTACHMENT A - DENIAL LETTER
ATTACHMENT B - LONG BEACH MUNICIPAL CODES
ATTACHMENT C - DENIAL APPEAL LETTER

APPROVED:



THOMAS B. MODICA
ACTING CITY MANAGER

October 7, 2019

LB City Farms LLC
405 Pine Avenue
Long Beach, CA 90802

RE: Denial of Business License Applications MJ21800101, MJ21800102, MJ21800103, MJ21901326
Business Address: 3333 E. 59th Street, Long Beach, CA 90805

Dear Applicant:

Thank you for your interest in establishing a business in the City of Long Beach. Unfortunately, your applications to operate a medical and adult-use cannabis cultivation facility as well as a medical and adult-use cannabis manufacturing facility are denied at this time. The Business License Division has denied your applications due to failure to comply with applicable laws and regulations, including:

- Long Beach Municipal Code (LBMC) Chapter 5.92.210 which states, "It is unlawful for any person to engage in, operate, conduct, carry on, or allow to be carried on, the business of adult-use cannabis in the City without having first met the following requirements:
 1. The person has paid any business license tax pursuant to Chapter 3.80 of this Code;
 2. The person holds a valid permit pursuant to the requirements of this Chapter; and
 3. The person holds a State license in accordance with California Business and Professions Code Section 26000 et seq., and any applicable regulations implemented by the State or any of its departments or divisions."
- Long Beach Municipal Code (LBMC) Chapter 3.80.210 which states, "It shall be unlawful for any person to transact and carry on any business, trade, profession, calling or occupation in the City without first having procured a license from said City to do so and paying the tax hereinafter prescribed and without complying with any and all applicable provisions of this Code, and every person conducting any such business in the City shall be required to obtain a business license hereunder."

Should you wish to appeal the denial of your business license applications to the Long Beach City Council, you may do so by filing an appeal letter with the Director of Financial Management within ten (10) calendar days from the date of mailing of this letter pursuant to LBMC Chapter 3.80.421.6 (attached). The notice of appeal shall state the reason for the appeal and the grounds of such appeal.

Please send the notice of appeal to the address below along with a nonrefundable filing fee of \$1,398.00.



City of Long Beach Business License Division
Attn: Emily Armstrong
411 W. Ocean Blvd., 6th Floor
Long Beach, CA 90802

Should you have any questions please contact Emily Armstrong, Administrative Analyst, at (562) 570-6649
or by email at emily.armstrong@longbeach.gov.

Sincerely,

A handwritten signature in black ink, appearing to read 'Brett Yakus', written over a large, stylized flourish.

Brett Yakus
Business Services Officer

Attachments

ecc: Chief of Police
City Attorney
Council District 3



3.80.210 - License and tax payment required.

There are hereby imposed upon the businesses, trades, professions, callings and occupations specified in this Chapter license taxes in the amounts hereinafter prescribed. It shall be unlawful for any person to transact and carry on any business, trade, profession, calling or occupation in the City without first having procured a license from said City to do so and paying the tax hereinafter prescribed and without complying with any and all applicable provisions of this Code, and every person conducting any such business in the City shall be required to obtain a business license hereunder.

This Section shall not be construed to require any person to obtain a license prior to doing business within the City if such requirement conflicts with applicable statutes of the United States or of the State of California.

Any person who engages in any business for which a business license is required, shall be liable for the amount of all taxes and penalties applicable from the date of commencement of the business, whether or not such person would have qualified for such business license; however, such payment shall not create any right for the person to remain in business.

All payments of business license tax received by the City, irrespective of any designation to the contrary by the taxpayer, shall be credited and applied first to any penalties and tax due for prior years in which the tax was due but unpaid.

(Ord. C-7783 § 2, 2002; Ord. C-6259 § 1 (part), 1986)

5.92.210 - Business license and permit required.

- A. It is unlawful for any person to engage in, operate, conduct, carry on, or allow to be carried on, the business of adult-use cannabis in the City without having first met the following requirements:
1. The person has paid any business license tax pursuant to Chapter 3.80 of this Code;
 2. The person holds a valid permit pursuant to the requirements of this Chapter; and
 3. The person holds a State license in accordance with California Business and Professions Code Section 26000 et seq., and any applicable regulations implemented by the State or any of its departments or divisions.
- B. Each permit issued pursuant to the requirements of this Chapter shall entitle the holder thereof to obtain a City license to engage in the business described in the permit, upon payment of the license tax required by the provisions of Chapter 3.80 of this Code, provided the holder of the permit complies with all other applicable provisions of law or ordinance.
- C. Fixed location required. A permit may only be issued for a specific, fixed location within a secured, fully enclosed building, that is subject to building and/or zoning permits and regulations.

(ORD-18-0015 § 6(Exh. F), 2018)



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O: (323) 813-8811
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October 18, 2019

Via US Mail and Email:

Department of Financial Management
Long Beach City Council

**RE: NOTICE OF APPEAL
Of Denial of Business License Applications
MJ21800101
MJ21800102
MJ21800103
MJ21901326
Business Address: 3333 E. 59th Street, Long Beach, CA 90805.**

To the Department of Financial Management and Long Beach City Council,

This office represents LB City Farms, LLC the Business License Applicant for the aforementioned applications, and 3333 59th, LLC the property owner (hereinafter collectively "Client") for the business address of 3333. E 59th Street, Long Beach, CA 90805 ("Property")

Please accept this correspondence as a NOTICE OF APPEAL of the denial of business licenses for applications: **MJ21800101, MJ21800102, MJ21800103, MJ21901326.**

LBMC Chapters 5.92.210 and 3.80.210 have not been violated by my clients.

My clients have not engaged in any illegal or any unauthorized cannabis activity warranting a denial of the aforementioned business licenses. There has been no facts or evidence presented to me or my clients to support this finding by the Department of Financial Management, Long Beach City Council or any other local or state government agency.

My clients do not dispute that an incident involving a fire occurred at the Property ("Incident"). However, my clients do dispute that they had any involvement or knowledge of the activities that caused the fire. My clients believe that an individual or multiple individuals unlawfully broke into the Property because it remained vacant for over 1 year, and engaged in activities that caused this unfortunate fire. The Property has been vacant since my client acquired it pending building and planning approvals for the intended lawful cultivation business activities. My clients have not made use of the premises nor engaged in any conduct or activities or business on the Property of any kind.



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I want to make it clear that at this time myself and my Clients have received very little information from the Long Beach Police Department, the Fire Department, or Detective Jackson regarding the Incident. My Clients have requested police reports and fire reports and have not received them. My Clients have made themselves available for questioning via their attorney Ty Anis, and have not been contacted for questioning. My Clients have not received any material update regarding the status of this investigation for months other than it is "on-going". The only information my Clients have is the very little that was disclosed to them at the time of the incident, and from news sources.

I want to make it clear to the City of Long Beach, the Long Beach City Council, and the Department of Financial Management, that my Clients, 3333 59th LLC and LBCity Farms, LLC were not engaged in any illegal cannabis activity at the property. They did not authorize any illegal cannabis activity at the property. They had no knowledge of any criminal or cannabis activity at the property. My Clients have no affiliation with the "burned man" that the police found at the property at the time of the incident. My Clients have no actual knowledge of what caused this fire other than what they have been told by third parties. As of the date of this email, my Clients have not received any formal notice of an intent to bring any criminal charges against them by any law enforcement agency regarding this incident.

My Clients are victims in this incident, and have simply been patiently waiting for the investigation to conclude so that they can take the next steps in restoring the building and proceeding with its application to conduct legal business activity.

It is my hope that the City of Long Beach not draw incorrect conclusions regarding the unfortunate incident that occurred. It is our goal to work with the City going forward to restore the building, and work together to ensure that the building is safe and secured going forward. We can discuss these next steps at another time.

My Clients are happy to make themselves available to answer any questions regarding the Property, the Incident, the business license applications, their business plans and anything related to moving forward with their intended use of the Property.

As such, PLEASE ACCEPT THIS NOTICE OF APPEAL. As stated, no facts or evidence have been presented to suggest my Clients have violated LBMC Chapters 5.92.210 and 3.80.210. There have been no charges, formal or informal, brought against my Clients, nor have my Clients ever been questioned regarding the Incident that occurred at the Property. My Clients maintain that they did not engage in or authorize any cannabis activity or any kind at the Property. The Incident is an unfortunate and terrible event to have occurred, but my Clients were not the cause of it and should not lose their business licenses without any basis.

Please contact me with any further questions, and I look forward to resolving this matter.



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Sincerely,

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Dorothy R. Groza
Managing Attorney



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MAILING LIST VIA CERTIFIED MAIL

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Tustin, CA 92780

507 N Mykkanen Circle
Placentia, CA 92870

4840 Irvine Blvd., Suite 205
Irvine, CA 92620

14630 Hawick Manor Lane
Pineville, NC 28134

3403 S Racine Avenue
Chicago, IL 60608

1215 Chanruss Place
Beverly Hills, CA 90210

345 W 14th Street, Apt. 4B
New York, NY 10014

14051 Newport Avenue, Suite I
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EXHIBIT A

(Residential Lease Agreement dated August 8, 2018 Enclosed)

ID TAGS - A PET'S TICKET HOME

MATTHEW A ABRAMS
COURTNEY E ABRAMS



316

16-24/1220 4529

10/16/19

Date

Pay to the
Order of

City of Long Beach

\$ 1398.00

One Thousand Three Hundred Ninety Eight ⁰⁰/₁₀₀ Dollars



Wells Fargo Bank, N.A.
California
wellsfargo.com



For

Appeal - LB City Farms

MP



Harland Clarke

HUMANE SOCIETY