



June 30, 2020

Mr. Steven Mermell
City Manager
City of Pasadena
100 N. Garfield Avenue, Room S228
Pasadena, CA 91101

Dear Mr. Mermell:

This letter is furnished to the City of Pasadena (“City”) and requests that the City investigate and consider the matters set forth herein pursuant to the **PROCEDURE FOR REVIEW OF CHANGE OF OWNERSHIP AND/OR MANAGEMENT OF CANNABIS BUSINESSES** (During Permitting Process Only) promulgated by the City Manager on June 18, 2020 (the “Review Rules”).

The Review Rules state in relevant part:

“A change in ownership and/or management is not allowed and is considered material where it constitutes a “change of control.” “Change of control” shall refer to a transaction whereby a **new party acquires a beneficial ownership interest in applicant** (or in an existing owner of a beneficial ownership interest in applicant), **or a new party is identified as a manager of applicant, such that after such transaction there is a change of identity of the person or entity that has the power to direct or cause the direction of the management and policies of applicant**, and therefore would have impacted the substantive scoring of the application such that a different outcome would have been likely.” (emphasis added)

This letter sets out numerous changes in ownership and management by various applicants for Commercial Cannabis business permits in the City as reported by industry publications, business news outlets, and official corporate filing documents. All of these changes have taken place since the commencement of the selection process (i.e. January 1, 2019), and consistent with the terms of the Review Rules, we believe result in the rejection and/or revocation of the following applicants’ Cannabis Retail License Applications. SweetFlower Pasadena, LLC hereby demands that the matters set forth below be investigated and that City provide a response as to how it intends to proceed in light of this information.

1. Integral Associates Dena, LLC (“Integral”)

Integral’s screening application received by the City in January 2019 identifies Integral as the applicant, owned by Integral Associates CA, LLC. Integral Associates CA, LLC was owned at the time 50% by GV Health Partners, LLC and 50% by KHOD Holdings, LLC. GV Health Partners, LLC was owned at the time by Brian Greenspun, who is listed as an owner in Integral’s screening application. KHOD Holdings, LLC was owned at the time by father and son Alex Yemenidjian 50% and Armen Yemenidjian 50%, both of whom are listed

as owners in Integral's screening application¹. Integral's Articles of Association filed November 9, 2018 indicates that Integral is a one-manager-member LLC (that member is Integral Associates CA, LLC), and was filed by Armen Yemenidjian as organizer. Integral's application materials filed with the City of Pasadena indicate that at the time Armen Yemenidjian was CEO.

On June 5, 2019, the same day that the City announced the initial selection results of the cannabis screening application process, Green Thumb Industries Inc. ("GTI"), a large Canadian-traded cannabis company based in Chicago, IL, announced that it had acquired **all of the ownership interests in Integral and related entities for \$290M, including, specifically, the ownership interests in Integral's and Integral Associates CA, LLC's then-owners, KHOD Holdings, LLC**, previously owned by Armen Yemenidjian and Alex Yemenidjian, and **GV Health Partners, LLC**, previously owned by Mr. Greenspun^{2,3}.

Armen Yemenidjian wrote the next day, June 6, 2019, to Mr. Reyes of the City a letter stating that **"Everything in our application remains the same** as does the name of the applicant and licensee⁴" (emphasis added). We submit that Mr. Yemenidjian's representations are not correct.

On June 5, 2019, GTI became the sole owner of all of the indirect ownership interests in Integral.

Accordingly, as of June 5, 2019 GTI has been the entity with the power to direct or cause the direction of the management and policies of applicant. Thus, the representations in Integral's original application submitted to the City in January 2019 that Alex Yemenidjian, Armen Yemenidjian, and Mr. Greenspun are the owners of the applicant, were no longer true and correct. Indeed, neither GTI nor GTI's CEO Ben Kovler are listed in Integral's application as owners or control persons, or at all.

In his letter of June 6, 2019, Armen Yemenidjian went on to state to Mr. Reyes "...I will oversee all operations in Pasadena, maintain regular contact and communications with our local Board of Advisors, and fulfill all of our community benefits and commitments."

It is inconceivable how Mr. Yemenidjian's statement can be true because on April 6, 2020, GTI, the now new owner of the applicant, Integral, issued a press release stating:

"Armen Yemenidjian has stepped down from his role as President in order to spend more time with his family in Nevada. Yemenidjian will continue to work with [GTI] *for the next six months to ensure a smooth transition*, particularly focusing on Green Thumb's business in Nevada and California.⁵" (Emphasis added)

When Sweet Flower first raised these issues publicly, in April 2020, Integral's counsel, Richard McDonald, acknowledging the change of control, agreed "[Armen] Yemenidjian had stepped down from his role as president of Integral's parent company, Green Thumb Industries...." But he went on to add, "but he was still

¹ <https://www.cityofpasadena.net/wp-content/uploads/sites/30/Integral-Associates-DENA-LLC-Redacted-App.pdf?v=1593559758783>

² <https://www.globenewswire.com/news-release/2019/06/05/1864540/0/en/Green-Thumb-Industries-Inc-GTI-Closes-on-Acquisition-of-Integral-Associates-Scales-Brand-Distribution-in-Nevada-and-Enters-the-California-Retail-Market.html>

³ Pursuant to the terms of the Membership Interest Purchase Agreement by and among KHOD Holdings, LLC, GV Health Partners, LLC, Green Thumb Industries, Inc, and others, dated as of November 12, 2018, as such Membership Interest Purchase Agreement is publicly available on www.sedar.com

⁴ <https://www.cityofpasadena.net/wp-content/uploads/sites/30/1-Integral-Associates-Dena-LLC-6-6-19.pdf?v=1593105960792>

⁵ <https://www.globenewswire.com/news-release/2020/04/06/2012443/0/en/Green-Thumb-Industries-GTI-Announces-Resignation-of-Armen-Yemenidjian.html>

steering the ship at Integral.⁶ Mr. Mc Donald's statement is in direct contradiction to the statement issued by GTI, and moreover, is in direct contradiction with GTI's presentation of Armen Yemenidjian's current role.

Armen Yemenidjian has stepped down from any active control role at both GTI and Integral. Armen Yemenidjian is no longer listed on GTI's website, corporate presentations or any corporate materials or company filings **in any capacity**, whether related to GTI, Integral or under the brand name "Essence."⁷

As confirmation, the most recent Statement of Information filed for Integral with the Secretary of State on December 12, 2019 no longer lists Armen Yemenidjian as CEO⁸. GTI and GTI's CEO Ben Kovler now have the power to direct or cause the direction of the management and policies of the applicant, Integral.

*Pursuant to the City's Review Rules, we submit that Integral has undergone a Change of Control, because a new party (GTI) has "acquire[d] a beneficial ownership interest in ... an existing owner [KHOD Holdings, GV Health Partners and Integral Associates CA, LLC] of a beneficial ownership interest in applicant," that has resulted in "a change of identity of the person or entity that has the power to direct or cause the direction of the management and policies of applicant," namely, **Armen Yemenidjian, Alex Yemenidjian and Brian Greenspun have been replaced as the owners of Integral by GTI, and Armen Yemenidjian is no longer CEO; the management and polices of Integral are now under the direction of GTI and GTI's CEO, Ben Kovler.***

For these reasons, Integral's application and CUP must be rejected/revoked and further licenses denied.

2. MedMen Pasadena Retail Inc. ("MedMen")

MedMen first identified its ownership and management in its January 2019 screening application⁹.

In MedMen's September 2019 CUP application¹⁰, MedMen's then-CEO, Adam Bierman, explicitly acknowledged to City staff that all of the following individuals, each previously listed as an "owner" in MedMen's original screening application, had since resigned from or been terminated by MedMen:

- former Senior Vice President of Human Resources, Clarence E. Foster
- former General Counsel, Lisa D. Sergi
- former Chief Operating Officer, Benjamin E. Cook
- former Chief Marketing Officer, David Dancer
- former Senior Vice President of Supply Chain, Ruchi Birdi

Since September 2019, the following individuals named in either MedMen's original application or purportedly later added by MedMen to its September CUP application have also resigned from or been terminated by MedMen:

- former Vice President of Compliance, Eduard Linetskiy
- former Chief Financial Officer, Michael Kramer

⁶ <https://www.pasadenastarnews.com/2020/05/01/pasadena-finds-new-speed-bumps-on-road-to-legal-cannabis/>

⁷ <https://investors.gtigrows.com/investors/leadership-and-governance/executive-team/default.aspx>

⁸ <https://businesssearch.sos.ca.gov/Document/RetrievePDF?Id=201831310311-27359200>

⁹ <https://www.cityofpasadena.net/wp-content/uploads/sites/30/MME-Pasadena-Retail-Redacted-App.pdf?v=1593557670302>

¹⁰ <https://www.cityofpasadena.net/planning/wp-content/uploads/sites/30/MME-Electronic-Submission-Redacted.pdf?v=1593557670299>

Also named in MedMen’s original application, then-President Andrew Modlin **no longer serves as President**, and, most notably, its **Chief Executive Officer Adam Bierman, has also since resigned**¹¹.

Based on publicly available information, there have been dramatic ownership and management changes at MedMen just in this year alone:

- Mr. Bierman and Mr. Modlin stepped down from their roles and surrendered their super-voting shares in MedMen, effective February 1, 2020¹²;
- Ryan Lissack, former CTO, was appointed interim CEO of MedMen, also effective February 1, 2020¹³;
- Mr. Lissack was subsequently replaced as interim CEO by Tom Lynch on March 30, 2020, and has since left MedMen;
- Also on March 30, 2020, MedMen announced a transaction whereby it issued in excess of 48 million share purchase warrants and other consideration to one of its lenders, Gotham Green Capital¹⁴;
- Mr. Modlin and Mr. Bierman were removed from the Board of Medmen entirely in June 2020; and
- That same day, MedMen settled a lawsuit with previous investors MMMG-MC Inc. (BVI), Brent Cox, Omar Mangalji, et al. pursuant to which Medmen issued 24 million voting shares in favor of these previous investors.¹⁵ On this last point, Forbes magazine states:

“The lawsuits claimants, two of the company’s largest outside investors, received enough shares to have a very strong say in what happens with what’s left over.”¹⁶

None of Gotham Green Capital, its directors or officers, Tom Lynch, MedMen’s current interim CEO, MMMG-MC Inc. (BVI), Brent Cox or Omar Mangalji, or any others involved in the ownership and management changes at MedMen since January 2019, were listed in MedMen’s screening application.

Of the *ten* individuals noted in MedMen’s initial January 2019 application as “Owners” or “Key Staff”, **NONE** remain¹⁷.

Pursuant to the City’s Review Rules, we submit that MedMen has undergone a Change of Control, because multiple new parties (at least Gotham Green Capital, MMMG-MC Inc. (BVI), Brent Cox, Omar Mangalji, among others) have successively acquired beneficial ownership interests in applicant while Adam Bierman and Andrew Modlin have resigned as CEO and President, respectively, and as Board members, of MedMen, and have surrendered their super-voting shares, and all other executives of MedMen who were listed as “owners” in MedMen’s initial screening application have resigned or been terminated, all of which results in “a change of

¹¹ <https://mjbizdaily.com/multistate-cannabis-operator-medmens-bierman-steps-down-as-ceo-gives-up-voting-control/>

¹² <https://www.cannabisdispensarymag.com/article/adam-bierman-ceo-medmen-stepping-down-super-voting-shares/>

¹³ <https://www.bizjournals.com/losangeles/news/2020/01/31/medmen-co-founder-and-ceo-adam-bierman-to-step.html>

¹⁴ <https://investors.medmen.com/press-releases/press-release-details/2020/MedMen-Closes-Senior-Secured-Convertible-Financing-and-Provides-Additional-Corporate-Updates/default.aspx>

¹⁵ <https://www.businesswire.com/news/home/20200617005772/en/%C2%A0MedMen-Announces-Board-Directors-Resolution-MMMG-MC-Litigation>

¹⁶ <https://www.forbes.com/sites/chrisroberts/2020/06/19/medmens-failure-is-everything-wrong-with-legal-cannabis-and-is-only-the-first-company-to-implode/#2e4f0e77113c>

¹⁷ <https://www.medmen.com/who-we-are/#team>

identify of the person or entity that has the power to direct or cause the direction of the management and policies of applicant.”

In addition, on June 19, MedMen’s conditional license to operate a Medical Marijuana Dispensary in Staunton, Virginia was revoked by the Virginia Board of Pharmacy¹⁸. This revocation clearly violates Pasadena Municipal Code §5.78.100, which states:

“A person is prohibited from holding or maintaining a commercial cannabis permit in the City of Pasadena if any of the following apply:

The applicant has been denied a permit or state license to engage in commercial cannabis activity, or has had a permit or state license to engage in commercial cannabis activity suspended and not reinstated, or revoked, by any city, county, city and county, or any other state cannabis licensing authority.” *(We note that this section is NOT limited to California.)*

For these reasons, MedMen’s application must be rejected/revoked and no other permits or licenses including a CUP, should issue.

SweetFlower demands that all of the matters set forth herein be fully investigated by the City, and further requests that the City provide a response as to how it intends to proceed with respect to each applicant.

Sincerely,

A handwritten signature in black ink, appearing to read 'T. J. Dodd', with a stylized flourish at the end.

Timothy Dodd
CEO, Co-Founder
Sweet Flower Pasadena, LLC

¹⁸ <https://marketrealist.com/2020/06/medmens-medical-marijuana-dispensary-license-revoked-virginia/>