

PROCEDURE FOR REVIEW OF CHANGE OF OWNERSHIP  
AND/OR MANAGEMENT OF CANNABIS BUSINESSES  
(During Permitting Process Only)

These procedures are established pursuant to Pasadena Municipal Code (“PMC”) Section 5.78.070, which gives the City Manager the authority to promulgate procedures to govern the application process and manner in which a decision will be made regarding issuance of any commercial cannabis permit.

These procedures are made necessary as a result of questions regarding whether commercial cannabis applicants evaluated during the selection process set forth in PMC Section 5.78.080 have experienced material changes in ownership and/or management such that the evaluation and scoring of particular applicants is no longer valid. The PMC does not expressly address a change in ownership and/or management, however a material change in either ownership or management during the permitting process would undermine the legislative intent in Section 5.78.080.C where qualities specific to both were evaluated and directly impacted the scoring and ranking of permittees as part of the selection process. Further, as a matter of equity to all applicants, a material change in ownership and/or management should be evaluated.

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 identify 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. Factors to be considered include those set forth in PMC Section 5.78.080.C and 5.78.100.

Evaluation Process:

- The application materials regarding ownership and management submitted at the beginning of the permittee selection process shall be reviewed against potential evidence of a change of control promptly after receipt of such evidence.
- The City Manager shall promptly notify the applicant in writing if the change in ownership and/or management constitutes a change of control.
- The applicant shall have an opportunity to rebut such evidence, and/or offer evidence of no change of control within 10 days of written notice.
- If requested by the applicant, and within 5 days of such request, the City Manager shall conduct the review of all evidence in the presence of the applicant.

- Within 10 days of review of all evidence, the City Manager shall issue a decision in writing as to whether or not any change in ownership and/or management is a change of control and notify the applicant of such conclusion. If there was a change of control, the applicant shall lose the right to proceed through the cannabis permitting process and its application will be rejected.
- The decision of the City Manager shall be final and there shall be no appeal therefrom.
- The deadlines established herein may be extended on request of the applicant at the City Manager's sole discretion.

Issued by the City Manager on this date: June 18, 2020