



OFFICE OF THE CITY MANAGER

July 1, 2020

Varda Inc.  
Tony Fong, CEO  
300 S. Raymond Avenue, Suite. 15  
Pasadena, CA 91105

Dear Mr. Fong:

As you are aware on April 28, 2020 Timothy Dodd of Sweet Flower Pasadena LLC submitted a letter alleging that changes at MME Pasadena Retail, Inc. ("MedMen") have occurred that should result in their disqualification from the City's top-six applicant list for a Cannabis Retailer Permit. A copy of that letter is attached hereto as Exhibit "A".

While specific claims were not made against Varda Inc., the City asked that all applicants currently processing a Cannabis Retailer Permit provide updated information for review. The City requested an independent review of those allegations, the results of which are attached hereto as Exhibit "B".

The purpose of this letter is to advise you that the City of Pasadena has completed its review and the City Manager finds that there has not been a change of control at Varda Inc. You are welcome to continue with the process towards obtaining a Cannabis Retailer Permit. We appreciate your patience during this time.

Thank you,

Nicholas Rodriguez  
Assistant City Manager  
City of Pasadena

Attachments: Sweet Flower Letter  
HDL Review Letter



Dear Members of the City of Pasadena Planning Commission:

This letter sets forth Sweet Flower Pasadena, LLC's ("Sweet Flower") objections to the Planning Commission's consideration for approval of MME Pasadena Retail, Inc.'s ("MedMen") Conditional Use Permit No. 6788. Sweet Flower requests that the Planning Commission incorporate this letter, as part of the record of the proceedings.

**(1) The location is non-compliant with the distance separation requirements to sensitive receptors as defined in the Pasadena Municipal Code and is not permitted.**

Pasadena Municipal Code Section 17.50.066.D.5(d) states

"No retailer shall be established or located within 600 feet, measured from the nearest property lines of each of the affected parcels, of any childcare center, in-home (family day care home), youth-oriented facility, church or faith congregation, **or substance abuse center;**" (emphasis added)

The Arroyos Treatment Centers is a mental health clinic located virtually across the street, 120' from MedMen's proposed location, at 1 W California Blvd. in Pasadena. It describes its mission as:

"Our mission is to bring hope and empowerment to patients and their families as they overcome primary psychological disorders, **with** or without **co-occurring substance abuse problems**. We offer outpatient psychological and psychiatric services and a Primary Mental Health Intensive Outpatient Program (IOP). We specialize in treating bipolar disorder, depression, anxiety disorders, obsessive-compulsive disorder, psychotic disorders, ADHD, **secondary substance abuse disorders, and more**. Please visit our website to learn more about us." (emphasis added).

The language of the ordinance is unambiguous. The Arroyos Treatment Center list of services includes among other sensitive services, treatment of "**substance abuse disorders**". This is exactly the type of sensitive receptor the ordinance and the voters wanted to avoid. Nevertheless, the staff report is completely devoid of any mention of the Arroyo Treatment Center.

MedMen's proposed location is non-compliant. The Planning Commission should deny the CUP on this basis alone.

**(2) The CUP application made by Medmen in September 2019 is materially inaccurate.**

MedMen first identified its ownership and management in its January 2019 screening application. Then, in MedMen's September 2019 CUP application, 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 application had since resigned from or been severed 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 severed by MedMen:

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

A third named individual, then-President, Andrew Modlin, **no longer serves as President**, and has surrendered his voting shares<sup>1</sup>. And most notably, **their Chief Executive Officer**, Adam Bierman, **has since resigned**<sup>2</sup>.

Of the *five* individuals who attended the initial Selection Committee interview for MedMen, we understand only *one* now remains at MedMen. And of the *ten* individuals noted in MedMen’s initial January 2019 application as “Owners” or “Key Staff”, only *one* now remains.

And as to the CUP application itself, of the individuals named in MedMen’s CUP application, only *one* now remains as a responsible party in the role stated in their CUP application.

Under the City’s rules, MedMen was ostensibly selected as a “top six” applicant on the basis of the qualifications of these original “owners.” (See Pasadena Municipal Code, § 5.78.080 C (1), (2).) Since then, almost all of these “owners” have been severed by MedMen or have resigned.

MedMen’s CUP application should be denied in light of these circumstances and material changes.

**(3) MedMen’s CUP Application is Incomplete as neither the Map Radii nor the Radius Map was prepared by a Licensed Surveyor.**

The Radius Map, which the Planning Department staff advised must be prepared by a licensed surveyor, and is the critical map that illustrates the 600 and 1,000 foot radius boundaries around the proposed cannabis retailer location, was not prepared by a licensed surveyor. MedMen’s map was prepared by a mapping company. The certification attesting to the surveyor having prepared the map is noticeably absent. The map includes no attestation at all. In fact, the map appears to be nothing more than a map prepared by others. There is no certification or evidence that the Radius Map was prepared by a licensed surveyor.

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<sup>1</sup> <https://www.bizjournals.com/losangeles/news/2020/01/31/medmen-co-founder-and-ceo-adam-bierman-to-step.html>

<sup>2</sup> <https://mjbizdaily.com/multistate-cannabis-operator-medmens-bierman-steps-down-as-ceo-gives-up-voting-control/>



For the reasons set forth herein, the Planning Commission must deny MedMen's CUP application for the proposed location at 536 South Fair Oaks Avenue.

Respectfully,

A handwritten signature in black ink, appearing to read "T. J. Dodd", with a long horizontal flourish extending to the right.

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

# HdL Companies

June 19, 2020

David Reyes  
Director, Planning & Community Development Department, City of Pasadena  
175 N. Garfield Ave.  
Pasadena, CA 91101-1704

**Re: Corporate Structure and Management of Varda, Inc.**

Dear Ms. Fuentes,

The City of Pasadena (City) requested HdL Companies (HdL) review Sweet Flower Pasadena's complaint to the City and determine whether the ownership structure and management team have changed for any of the applicants since submission of the original applications. HdL reviewed Varda, Inc.'s corporate ownership structure and management team as listed in the original application and as currently stated and determined whether any change in ownership and/or management would have affected the application scoring.

HdL reviewed the original application and scorecard, Disclosure Pursuant to the City of Pasadena Taxpayer Protection Act (TPA), Conditional Use Permit (CUP) Application, California Secretary of State filings, Application for Cannabis Permit, Bureau of Cannabis Control License Application, and Varda's responses to the City on May 4, 2020 and June 17, 2020 regarding changes in ownership structure and management.

**ORIGINAL OWNERSHIP AND MANAGEMENT**

The original application listed Tony Fong as 50% owner and CEO, CFO, and General Manager of Varda. The application also listed Leonard Wang as 50% owner and Secretary and General Manager of Varda. The business plan listed the names and credentials of three other members of the management team.

**CURRENT OWNERSHIP AND MANAGEMENT**

The TPA, CUP Application, California Secretary of State filings, Application for Cannabis Permit, and BCC License Application listed Fong and Wang as owners and/or officers of Varda. Varda's response to the City on May 4, 2020 indicated that since the original application, Varda has added two financial interest holders that hold a total of 14.5% of Varda's shares. Fong and Wang retain the remaining 85.5% of Varda's shares. *Reference Exhibits A and B.* As of June 17, 2020, two of the three managers listed in the original application remain in place.

**CONCLUSION**

At the City's direction, HdL scored the applicant based on the experience, cannabis industry knowledge, and ownership team criteria outlined in Section 1: Qualifications of Owners/Operators.

Using the City's evaluation criteria, the score was based on Varda being co-owned by Fong and Wang. As both are still majority owners of Varda, the change in ownership would not have resulted in a substantial change to the score.

Using the City's evaluation criteria, the score was also based on Fong and Wang being highly involved in the day-to-day operations, including one owner being onsite at all times. As Fong and Wang are still the CEO and COO, respectively, there would have been no substantial change to the score based on the management team.

Sincerely,

*Matthew Eaton*

Matthew Eaton  
Deputy Director of Compliance, HdL Companies

cc: Theresa Fuentes, Assistant City Attorney, City of Pasadena

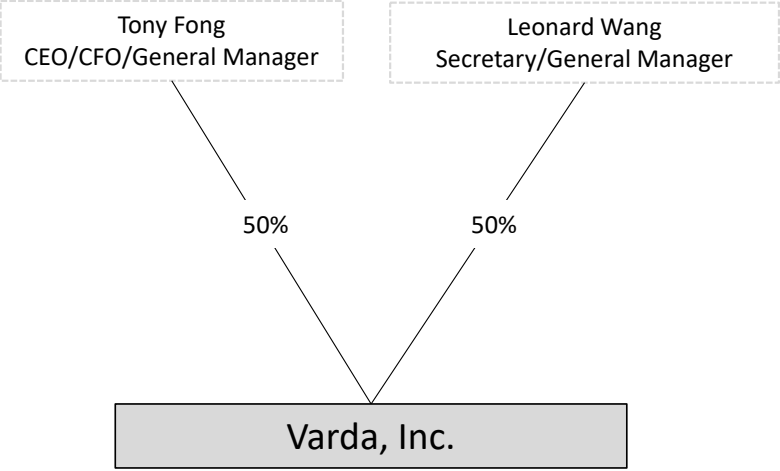
**City of Pasadena  
Varda, Inc.  
Exhibit A**

**Data Sources Examined**

Business Name	Original Application	Original Scorecard	Disclosure Pursuant to the City of Pasadena Taxpayer Protection Act (TPA)	CUP Application	Secretary of State Filings	Cannabis Permit Application	State License Application (within Cannabis Permit Application file)	Responses to City's Request for Ownership and Management Changes	Conclusion
	1/31/2019	4/18/2019	12/19/2019	12/19/2019	06/2019	4/17/2020	4/17/2020	5/4/2020, 6/17/2020	
Varda, Inc.	<p>Tony Fong, CEO/CFO/General Manager, 50%</p> <p>Leonard Wang, Secretary/General Manager, 50%</p> <p>Business plan listed three individuals under Managers who will assist with start-up (page 49):</p> <ul style="list-style-type: none"> <li>- Marcos Luna, Inventory Manager</li> <li>- Nicole Durand, Manager</li> <li>- Nicolette Swayne, Manager</li> </ul>	<p>Evaluation/score was based on the business being co-owned by the two applicants, both owners being highly involved, and one owner being onsite at all times.</p> <p>Scoring did not taking into consideration other managers/officers.</p>	<p>Tony Fong listed as Owner's Name.</p> <p>Leonard Wang listed under Names of Owner(s), Trustees, Directors, Partners, Officers of Owner/Project.</p>	<p>Tony Fong listed as Applicant and Leonard Wang listed as Contact Person on Planning Division Master Application Form.</p> <p>Tony Fong signed Location Affidavit as CEO.</p> <p>Tony Fong and Leonard Wang on Requests for Live Scan.</p> <p>TPA dated 12/19/2019 (previous column) was also included in the CUP Application.</p>	<p>06/06/2019 Articles of Incorporation of Varda, Inc.:</p> <ul style="list-style-type: none"> <li>- Signed by Tony Fong.</li> <li>- Leonard Wang listed under Service of Process.</li> </ul> <p>06/20/2019 Statement of Information for Varda, Inc.:</p> <ul style="list-style-type: none"> <li>- Tony Fong, CEO</li> <li>- Leonard Wang, Secretary and CFO</li> </ul>	<p>Tony Fong listed as CEO and Co-Owner and Leonard Wang listed as Co-Owner and General Manager on Application for Cannabis Permit (4/17/2020).</p>	<p>Tony Fong: CEO, 45.25% ownership</p> <p>Leonard Wang: COO, 45.25% ownership</p> <p>(Total of 90.5% ownership combined)</p> <p>Five other individuals listed under Section F Non-Owners with a Financial Interest in the Business.</p>	<p>Leonard Wang and Tony Fong are still the listed owners. They took on two financial interest holders. The first financial interest holder is Coastal Holdings with 9.5% of Varda. The second financial interest holder is Pasadena Project Holding LLC with 5% of Varda. All remaining shares (85.5%) of Varda belong to Leonard Wang and Tony Fong.</p> <p>Wang and Fong are also still on the management team. Two other managers listed in the original application are still managers, but one has since left.</p>	<p>No substantial change in ownership or management. The two owners listed on the original application (Tony Fong and Leonard Wang) are still listed as majority owners and part of the management team (CEO and COO).</p>

City of Pasadena  
Varda, Inc.  
Exhibit B

**Ownership Structure  
Derived from Original Application**



**Ownership Structure  
Derived from 5/4/2020 Email to City**

