

STATE OF MINNESOTA**DISTRICT COURT****COUNTY OF RAMSEY****SECOND JUDICIAL DISTRICT****CASE TYPE: OTHER CIVIL**

Green Leaf MN LLC,

Court File No.: _____

Plaintiffs,

v.

COMPLAINT

Minnesota Office of Cannabis Management;
and Charlene Briner, in her capacity as
Interim Director of the Minnesota Office of
Cannabis Management,

Defendants.

COMPLAINT FOR INJUNCTIVE RELIEF

Plaintiff Green Leaf MN LLC, by and through its undersigned counsel, hereby submits this
Complaint for injunctive relief.

SUMMARY OF CLAIMS

1. Defendant Minnesota Office of Cannabis Management (“OCM”) has disregarded the statutory requires for preapproving social equity applicants to deny Plaintiff’s preapproval application, and in doing so has violated Plaintiff’s procedural and substantive due process rights.
2. Plaintiff is a qualified social equity applicant. Plaintiff submitted a timely application to the OCM for preapproval, containing all the required information. The OCM denied the application and told Plaintiff that it “is not eligible to appeal or request a hearing.”
3. Procedurally, inherent in the principle of due process is the right to be heard at a meaningful time and in a meaningful manner. Plaintiff has been given no meaningful opportunity to heard.

4. Substantively, the OCM is wrong. Plaintiff provided everything required by the Act and Session Law (both defined below) relating to ownership and control. In denying Plaintiff's preapproval application on plainly erroneous grounds, the OCM has deprived Plaintiff of its right to participate in the preapproval lottery.

THE PARTIES

5. Plaintiff Green Leaf MN LLC is a Minnesota limited liability company that submitted a preapproval application for a Minnesota cannabis retailer license.

6. Plaintiff is 65% owned by Angel Ruben Rodriguez, a social equity qualifier.

7. Defendant OCM is a Minnesota government entity entrusted with, among other things, carrying out a true and fair application and lottery process for the issuance of cannabis licenses that will entitle the winners to operate cannabis businesses within Minnesota.

8. Defendant Briner is the Interim Director of the OCM. Ms. Briner and the OCM will be referred to collectively as the "OCM."

JURISDICTION AND VENUE

9. Jurisdiction is proper under Minnesota Statute, Section 484.01.

10. Venue is proper in this Court pursuant to Minnesota Statute, Section 542.03(1) because the OCM took the complained of actions, and the causes of action arose, in Ramsey County.

FACTS COMMON TO ALL COUNTS

The Minnesota Legislature legalizes cannabis for adult use and creates a fair, equitable, and user-friendly preapproval process for social equity applicants.

11. In 2023, the Minnesota Legislature passed Minnesota Statute, Section 342.01 *et seq.* (the "Act"), legalizing cannabis for adult use in Minnesota.

12. In 2024, the Minnesota Legislature amended the Act during the regular legislative session (the “Session Law”). *See* Chapter 121, Art. 2 & 3.

13. Like many states that have legalized adult-use cannabis, the Minnesota Legislature focused on ensuring that the adult-use cannabis market in Minnesota was equitable and advanced the interests of social equity applicants.

14. Like many states creating adult-use cannabis markets with a focus on social equity, the Minnesota Legislature sought to ensure that bona fide social equity applicants were not shut out from receiving licenses due to the complexities and costs associated with applying for adult-use cannabis licenses.

15. Section 148 of the Session Law sets forth the process by which the OCM shall preapprove social equity applicants to operate in the adult-use cannabis market.

16. Section 148(1) of the Session Law explains the preapproval process for social equity applicants and the number of preapprovals available.

17. Section 148(2) of the Session Law establishes that only qualified social equity applicants are eligible for preapproval.

18. Section 342.17 of the Act, as amended by Section 71 of the Session Law, identifies who qualifies as a social equity applicant.

19. Section 148(3) of the Session Law establishes the preapproval period, which was required to begin no later than July 24, 2024 and end on August 12, 2024.

20. Section 148(4) of the Session Law addresses what must be included in any preapproval application.

21. Section 148(5) of the Session Law sets forth the process by which the OCM must verify the social equity state of applicants seeking preapproval.

22. Section 148(6) of the Session Law states that if there are more preapproved social equity applications than available preapprovals, the OCM will conduct a lottery amongst the preapproved applicants to determine which applicants receive the preapproval and can proceed to the licensing stage.

Green Leaf MN LLC Applies for Preapproval as a Social Equity Applicant

23. Plaintiff is a qualified social equity applicant because Plaintiff's 65% owner, Angel Ruben Rodriguez, received social equity verification on July 9, 2024. A redacted copy of the social equity verification report is attached as **Exhibit 1**.

24. Plaintiff subsequently timely submitted an application for preapproval to the OCM for preapproval for a cannabis retailer license.

25. As part of its application, Plaintiff complied with all the disclosure requirements related to its ownership and control.

The OCM denies Plaintiff's for vague and unintelligible reasons and contends that Plaintiff cannot appeal or request a hearing

26. On November 18, 2024 the OCM sent notice to Plaintiff that its preapproval application was denied. The November 18, 2024 notice is attached as **Exhibit 2**.

27. The notice indicates that Plaintiff's preapproval application was denied because Plaintiff apparently failed to provide some disclosure about ownership interest in cannabis businesses.

28. The notice does not identify what disclosure obligation in the Act or Session Law Plaintiff failed to meet or how Plaintiff failed to meet that disclosure obligation.

29. The notice expressly states that Plaintiff is "not eligible to appeal or request a hearing."

Plaintiff will suffer immediate and irreparable harm if the OCM conducts the preapproval lottery without its participation.

30. The OCM plans to proceed with the preapproval lottery on Tuesday, November 26, 2024.

31. As it currently stands, Plaintiff would not be included in the preapproval lottery.

32. Should the preapproval lottery proceed without Plaintiff, Plaintiff will suffer immediate and irreparable harm because applicants will be selected for a limited number of preapprovals, and there will be no additional preapprovals available even if Plaintiff prevails in this action

**COUNT I
VIOLATION OF PROCEDURAL DUE PROCESS**

33. Plaintiff realleges paragraphs 1-32 as if fully set forth herein.

34. A fundamental precept of procedural due process is the right to be heard at a meaningful time and in a meaningful manner regarding the deprivation of property.

35. The Act provides Plaintiff with an unequivocal property interest in obtaining preapproval if it meets the requirements of the Act.

36. The OCM's Denial Notice is vague and unintelligible; it does not adequately describe why the OCM denied Plaintiff's preapproval application.

37. The OCM has also expressly informed Plaintiff that "it is not eligible to appeal or request a hearing."

38. Plaintiff is entitled to understand the OCM's conclusions and receive fair process to challenge those OCM's conclusions, and this process must be afforded at a meaningful time when relief can still be effectively granted.

39. In denying Plaintiff's preapproval application without providing Plaintiff an opportunity to challenge that denial, the OCM has deprived Plaintiff of its property right without an opportunity to be meaningfully heard.

COUNT II
VIOLATION OF SUBSTANTIVE DUE PROCESS

40. Plaintiff reallages paragraphs 1-32 as if fully set forth herein.

41. The Act provides Plaintiff with an unequivocal property interest in obtaining preapproval if it meets the requirements of the Act.

42. In denying Plaintiff's preapproval application, the OCM has erroneously and arbitrarily deprived Plaintiff of its property interest.

43. The OCM denied Plaintiff's preapproval application on unintelligible grounds that are obviously incorrect because Plaintiff submitted all the required information regarding its ownership and control.

44. Given Plaintiff's disclosures, the OCM had no basis to deny Plaintiff's preapproval application; its decision to do so was arbitrary and patently unfair to Plaintiff, a bona fide social equity applicant.

45. Plaintiff has been injured as a direct and proximate result of OCM's actions.

WHEREFORE, Plaintiff respectfully prays for a judgment:

- a. Holding that OCM's actions violated Plaintiff's right to due process.
- b. Enjoying the OCM from conducting the lottery until Plaintiff's dispute has been resolved on the merits.

Dated: November 22, 2024

GREENSPOON MARDER LLP

/s/ David F. Standa

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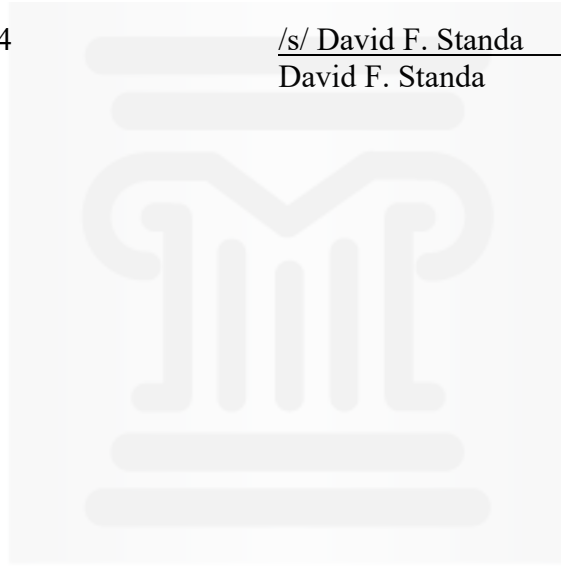
ATTORNEY FOR PLAINTIFF

ACKNOWLEDGEMENT

The party upon whose behalf this pleading is submitted, by and through the undersigned, hereby acknowledges that costs, disbursements, and reasonable attorney fees and witness fees may be awarded to the party against whom the allegations in this pleading are asserted, pursuant to Minnesota Statute § 549.211.

Dated: November 22, 2024

/s/ David F. Standa
David F. Standa



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Creative Services, Inc.**BACKGROUND SCREENING REPORT**

Prepared for: Minnesota Office of Cannabis Management

64 Pratt Street
Mansfield, MA 02048
508-339-5451**Subject Information:**

Subject: RODRIGUEZ, ANGEL RUBEN

DOB: 01/24/XXXX

Social Security Number: XXX-XX-9256

Order Number(s): 1918404

Report Disposition: CLEAR

Package Name(s): Social Equity Verification

Address: 366 STROUSE AVE
STATE COLLEGE PA 16803

Order Date: June 26, 2024 01:40 PM

Completion Date: July 9, 2024 09:46 PM

Time First Completed: July 9, 2024 09:46 PM

Requestor Information:

Requestor Name: CSI

Requestor Userid: mnocm1/admin

Requestor Phone: 508-339-5451

Requestor Email: atannock@creativeservices.com

Email: ANGELSNI08@GMAIL.COM

Billing Identifier 1: Cannabis Microbusiness License

Billing Identifier 2:

Billing Identifier 3:

Report Summary Information:

Component	Status
Criteria 1, page 2	COMPLETE - Not Pursued
Criteria 2, page 2	COMPLETE - Not Pursued
Criteria 3, page 2	COMPLETE - Not Pursued
Criteria 4, page 2	COMPLETE - Pursued Qualified
Criteria 5, page 2	COMPLETE - Not Pursued
Criteria 6, page 2	COMPLETE - Not Pursued
Criteria 7, page 2	COMPLETE - Not Pursued
Military History Verification, page 2	COMPLETE - Complete
Internal Quality Control Review, page 2	COMPLETE - Clear



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From: NoReply@accela.com
Sent: Monday, November 18, 2024 2:41 PM
To: maxime@thecannabisbusinessadvisors.com
Subject: Application for a Minnesota cannabis business license preapproval for DIS-A24-000017
Attachments: SetReportAppDenied_20241118_122533.pdf

Dear Applicant,

<=div>

Thank you for submitting your application. We re=ret to inform you that your application for license preapproval has been d=nied as it did not adequately meet the requirement(s) as listed in the att=ched file.

In accordance with Minnesota law, you may request a review of t=e application materials you submitted (called a records review) within sev=n days of the date of this notification. To access your records review, lo= on to the Ci=izen Portal. Please note that the portal will display all docu=ents you submitted; however, only certain documents were reviewed based on=our guidance under Minnesota law and the application deadline, namely requ=red documents included in application submission and those submitted in re=ponse to OCM correspondence. For more information on which documents are c=nsidered final, please refer to the frequently asked questions related to license preapproval.

Unde= Minnesota law, applicants who are denied entrance into the lottery are no= eligible to appeal or request a hearing. By statute, applications that ar= denied are not retained by the office for the purpose of applicants using=the same application for licensing in a future round; you will need to com=lete a new application if you wish to apply to future licensing rounds. Vi=it mn.gov/ocm for more infor=ation and resources.

=div>We understand this may be disappointing. We would lik= to note that this is not your only opportunity to enter the industry as a=licensee. The office expects to open future rounds of license applications=in early 2025, which will include several license types that are not cappe=.

Thank you,

MN Office of Cannabis Management
cannabis.info@state.mn.us

Re: Cannabis Retailer Application DIS-A24-000017
Reasons for Application Denial

Document	Description	Status
Disclosure of Ownership and Control	Applicant, and if applicable every officer, director, manager, and general partner of the business, disclosed ownership interest in cannabis businesses.	Fail



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