

**IN THE CIRCUIT COURT FOR THE SEVENTH JUDICIAL CIRCUIT
SANGAMON COUNTY, ILLINOIS**

HAZEHAUS LLC, BDMT, LLC d/b/a PREMIER)	
CANNA, FARMHOUSE IL LLC, JENNY’S OF)	
ILLINOIS I, LLC, MINT VENTURES LLC, THE)	
FLOWERSHOP DISPENSARY LLC, and 2068)	
INVESTMENTS, LLC d/b/a WILD STAR 420,)	
)	2020CH000149
Plaintiffs)	
)	Case No.
v.)	
)	
ILLINOIS DEPARTMENT OF FINANCIAL)	
AND PROFESSIONAL REGULATION, BRET)	
BENDER, DEPUTY DIRECTOR,)	
)	
Defendant)	

COMPLAINT FOR INJUNCTIVE RELIEF AND OTHER RELIEF

Plaintiffs, Hazehaus LLC, BDMT, LLC d/b/a Premier Canna, Farmhouse IL LLC, Jenny’s of Illinois I, LLC, Mint Ventures LLC, The Flowershop Dispensary LLC, and 2068 Investments, LLC d/b/a Wild Star 420, by and through their undersigned counsel, hereby submit this Complaint seeking a temporary restraining order and preliminary injunction to stop Defendant Illinois Department of Financial and Professional Regulation (“IDFPR”) from proceeding with a lottery to award 75 Conditional Adult Use Dispensing Organization Licenses¹ to the companies identified in Exhibit A hereto. In support of the relief requested herein, Plaintiffs state as follows:

THE PARTIES

1. Mint Ventures LLC is an Illinois LLC that submitted applications for Conditional Adult Use Dispensing Organization Licenses in Illinois and received near perfect score.

¹ All undefined capitalized terms herein refer to the terms and their definition as used in the The Cannabis Regulation and Tax Act, 410 ILCS 705 et seq.

2. All other plaintiffs are Illinois LLCs that submitted applications for Conditional Adult Use Dispensing Organization Licenses in Illinois and, on information and belief, received near perfect scores with the exception of points awarded to entities owned and controlled by a veteran.

3. Defendant Illinois Department of Financial and Professional Regulation is an Illinois government entity entrusted with, among other things, carrying out a true and fair application process for the initial issuance of 75 Conditional Adult Use Dispensing Organization Licenses that will entitle the winners to operate cannabis dispensaries within Illinois.

4. Defendant Bret Bender is the Deputy Director of Cannabis Control Section at Defendant Illinois Department of Financial and Professional Regulation.

JURISDICTION AND VENUE

5. Jurisdiction over the IDFPR is proper under 735 ILCS 5/2-209(a)(1) (transaction of any business within this State) and Section 2-209(c) (any other basis now or hereafter permitted by the Illinois Constitution and the Constitution of the United States).

6. Venue is proper in this Court pursuant to 735 ILCS 5/2-101 as Defendant IDFPR is a resident of Sangamon County and some of the acts giving rise to the causes of action set forth in the Complaint arose in Sangamon County.

FACTS COMMON TO ALL COUNTS

The Illinois Cannabis Regulation and Tax Act and the Focus on Social Equity

7. In 2019, Illinois passed a landmark piece of legislation—The Cannabis Regulation and Tax Act (410 ILCS 705 et seq., the “Act”). Since that moment, the spotlight has been on Illinois as the possible “gold standard” for how to create a recreational cannabis market. Under the Act, effective January 1, 2020, recreational cannabis use a/k/a “adult-use” became legal in Illinois. This was the first piece of legislation of its kind (most states proceeded

by ballot initiative) and what made it even more remarkable was its aim at social equity in the cannabis industry and social justice reform.

8. The Act specifically spelled out the importance of insuring licenses be issued to individuals who have been disproportionately impacted by the previous illegality of cannabis.

In the Findings Section, the Act states:

(a) The General Assembly finds that the medical cannabis industry, established in 2014 through the Compassionate Use of Medical Cannabis Program Act, has shown that additional efforts are needed to reduce barriers to ownership. Through that program, 55 licenses for dispensing organizations and 20 licenses for cultivation centers have been issued. Those licenses are held by only a small number of businesses, the ownership of which does not sufficiently meet the General Assembly's interest in business ownership that reflects the population of the State of Illinois and that demonstrates the need to reduce barriers to entry for individuals and communities most adversely impacted by the enforcement of cannabis-related laws.

(b) In the interest of establishing a legal cannabis industry that is equitable and accessible to those most adversely impacted by the enforcement of drug-related laws in this State, including cannabis-related laws, the General Assembly finds and declares that a social equity program should be established.

(c) The General Assembly also finds and declares that individuals who have been arrested or incarcerated due to drug laws suffer long-lasting negative consequences, including impacts to employment, business ownership, housing, health, and long-term financial well-being.

(d) The General Assembly also finds and declares that family members, especially children, and communities of those who have been arrested or incarcerated due to drug laws, suffer from emotional, psychological, and financial harms as a result of such arrests or incarcerations.

(e) Furthermore, the General Assembly finds and declares that certain communities have disproportionately suffered the harms of enforcement of cannabis-related laws. Those communities face greater difficulties accessing traditional banking systems and capital for establishing businesses.

(f) The General Assembly also finds that individuals who have resided in areas of high poverty suffer negative consequences, including barriers to entry in employment, business ownership, housing, health, and long-term financial well-being.

(g) The General Assembly also finds and declares that promotion of business ownership by individuals who have resided in areas of high poverty and high enforcement of cannabis-related laws furthers an equitable cannabis industry.

(h) Therefore, in the interest of remedying the harms resulting from the disproportionate enforcement of cannabis-related laws, the General Assembly finds and declares that a social equity program should offer, among other things, financial assistance and license application benefits to individuals most directly and adversely impacted by the enforcement of cannabis-related laws who are interested in starting cannabis business establishments.

410 ILCS § 705/7-1.

9. Nowhere in the Findings Section, or anywhere else in the Act, is there any indication that the General Assembly found or declared that veterans were “most directly and adversely impacted by the enforcement of cannabis-related laws.”

10. Many legislators voted for the Act because of its emphasis on social equity and push to diversify the Illinois cannabis industry, including at the ownership level.

11. Nearly everyone involved in the creation and implementation of the Act promised the citizens of Illinois that the issuance of new cannabis licenses was specifically designed to diversify the Illinois cannabis industry with Social Equity Applicants, i.e., individuals who had traditionally been excluded from the Illinois cannabis industry and disproportionately impacted by the war on drugs and the criminal justice system.

12. It was repeatedly noted that the Illinois medical cannabis industry did not have any majority minority owners and very few (if any) majority female owners.

13. The Act provided a separate mechanism for those who were licensed under the medical cannabis program to be grandfathered into recreational cannabis licenses.

14. Illinois chose to strictly limit the number of available dispensary licenses.

15. The Act set up a waterfall structure where up to 75 Conditional Adult Use Dispensing Organization Licenses would be issued before May 1, 2020.

16. Up to another 110 Conditional Adult Use Dispensing Organization Licenses would be issued by December 21, 2021.

17. The Act specifically limited the total number of Adult Use Dispensing Organization Licenses to 500. 410 ILCS 705/15-35(b).

18. That limitation, coupled with proven demand and the immaturity of this cannabis industry, makes these licenses extremely valuable. Recipients of similar licenses have sold them along with their corresponding dispensaries for tens of millions of dollars.

19. To facilitate participation in the nascent cannabis industry by people who fell into the Social Equity Applicant definition, the Act provided that for dispensary license applicants, 50 of the 250 possible points (20%) would be awarded to those who qualify as Social Equity Applicants.

20. There were several ways an applicant could qualify as a Social Equity Applicant, including by having a past cannabis-related arrest or conviction that was subject for expungement under the Act (or being a parent, child or spouse of such a person), living in a Disproportionately Impacted Area (DIA) for 5 of the preceding 10 years, or employing 10 full time employees, with 51% or more either currently residing in a DIA or having a prior cannabis-related arrest or conviction that was subject for expungement under the Act (or being a parent, child or spouse of such a person).

21. Members of communities in need of economic development, including several of the plaintiffs, were encouraged to apply. Many, including several of the plaintiffs, invested considerable funds to do so and to do it right.

22. As mandated under the Act, the State announced a special fund to help Social Equity Applicants finance their dispensary businesses in the event they won.

23. The Act set the application fee at \$5,000.

24. Traditional rules would have required dispensary license applicants to own or control real property during the application process and to show adequate funds or access to capital to finance their build-out, start-up, and operating costs (an expensive proposition). Under the Act, such front-end requirements were effectively waived for dispensary license applicants.

25. The relatively low barrier to entry worked as planned. Most of the 900-plus groups who applied, which collectively submitted around 4,500 applications, were indeed Social Equity Applicants.

26. The Act expressly set forth the selection criteria for these conditional dispensary licenses and provided the points associated with that criteria.

27. The Act allowed for up to 250 total points “to complete applications based on the sufficiency of the applicant’s responses to required information.” 410 ILCS 705/15-30(c).

28. The Act also provided for up to two bonus points (to be issued in the event of a tie) for a plan to engage with the community.

29. Under the Act, points were allocated as follows:

- Social Equity Applicant (50 points)
- Veteran (5 points)
- Illinois Resident (5 points)
- Suitability of Employee Training Plan (15 points)
- Security and Recordkeeping Plan (65 points)
- Business Plan, Financial, Operating Plan, and Floor Plan (65 points)
- Knowledge and Experience (30 points);
- Labor and Employment Plan (5 points);
- Environmental Plan (5 points); and
- Diversity Plan (5 points).

30. Being 51% owned and controlled by a qualifying veteran was only worth 2% of the points allocated by the Act. Being a Social Equity Applicant was worth 20% of the points allocated by the act.

31. Under the Act: “If the [IDFPR] receives an application that fails to provide the required elements contained in this Section, the Department shall issue a deficiency notice to the applicant. The applicant shall have 10 calendar days from the date of the deficiency notice to resubmit the incomplete information. Applications that are still incomplete after this opportunity to cure will not be scored and will be disqualified.” 410 ILCS 705/15-30(b).

32. Under the Act, responsibility for issuing dispensary licenses was delegated to the IDFPR.

33. The Act provided the IDFPR with discretion to adopt rules required for the administration of the Act for the license and regulation of Dispensing Organizations. Thus, IDFPR had discretion to create and implement an application and grading process for Conditional Adult Use Dispensing Organization Licenses.

The IDFPR Application Process

34. In the Fall of 2019, the IDFPR announced its application process to award 75 Conditional Adult Use Dispensing Organization Licenses.

35. The application submission deadline was noon on January 2, 2020.

36. Other than the tie-breaker rule discussed below, the IDFPR did not promulgate separate rules with respect to the application process.

37. As part of this application process, entities needed to submit an application that consisted of hundreds of pages of documents. This meant not only completing multiple forms that the IDFPR provided, but submitting fingerprints, background information of owners, disclosing organizational charts, operating agreements, articles of organization, and all contracts and agreements (including oral) relating to the venture, as well as making financial disclosures and attesting to the financial viability of the applicant to proceed with the venture in the event it is awarded a license.

38. Applicants also had to draft and submit robust plans that varied in page limit and point value.

39. The IDFPR's dispensary license application did not exactly track the selection criteria in the Act. Rather, the application included that criteria within separate required "Exhibits" A through T:

- Ex. A – Application Fee
- Ex. B – Principal Officer Forms
- Ex. C – Table of Organization, Ownership and Control & Operating Agreement
- Ex. D – Dispensing Organization Agent Training and Education – 15 pages
- Ex. E – Purchaser Education Plan – 10 pages
- Ex. F – Business Plan – 30 pages

- Ex. G – Recall, Quarantine, and Destruction Plan – 10 pages
- Ex. H – Security Plan – 50 pages
- Ex. I – Inventory Monitoring and Recordkeeping Plan – 15 pages
- Ex. J – Floor Plan – 10 pages
- Ex. K – Operating Plan – 40 pages
- Ex. L – Plan for Community Engagement
- Ex. M – Diversity Plan – 2,500 words
- Ex. N – Knowledge and Experience of Principal Officers, 3 pages for each person,
- Ex. O – Financials
- Ex. P – Status as Social Equity Applicant
- Ex. Q – Labor and Employment Practices Plan – 10 pages
- Ex. R – Environmental Plan – 5 pages
- Ex. S – Status as Illinois Owners
- Ex. T – Status as Veteran

40. While some of the point values specified in the Act directly translated to the application exhibits—for example 50 points for Social Equity Applicant status directly translated to Ex. P being worth 50 points—point values for other exhibits were not discernable.

41. For example, the application called for an Operating Plan (Ex. K), which could be up to 40 pages, yet the Act did not explain and applicants were never told by the IDFPR the point value of this particular exhibit.

42. The IDFPR never provided the point breakdown for each exhibit to applicants during the application process.

43. It was only after grading was completed that applicants found out the value of each exhibit and only after they submitted requests for such information from the IDFPR via requests under the Freedom of Information Act.

44. The IDFPR’s ultimate scoring rubric was as follows:

- Ex. D – Dispensing Organization Agent Training and Education – 15 points
- Ex. E – Purchaser Education Plan – 4 points
- Ex. F – Business Plan – 16 points
- Ex. G – Recall, Quarantine, and Destruction Plan – 16 points
- Ex. H – Security Plan – 48 points
- Ex. I – Inventory Monitoring and Recordkeeping Plan – 17 points
- Ex. J – Floor Plan – 22 points
- Ex. K – Operating Plan – 6 points
- Ex. L – Plan for Community Engagement – 2 point bonus in the event of a tie
- Ex. M – Diversity Plan – 5 points

- Ex. N – Knowledge and Experience of Principal Officers – 30 points
- Ex. O – Financials – 1 point
- Ex. P – Status as Social Equity Applicant – 50 points
- Ex. Q – Labor and Employment Practices Plan – 5 points
- Ex. R – Environmental Plan – 5 points
- Ex. S – Status as Illinois Owners – 5 points
- Ex. T – Status as Veteran – 5 points

45. The Operating Plan (Ex. K), a critical component of any business and the plan with the second highest available page limit in the application, was ultimately worth a mere 6 points.

46. During the application process, the IDFPR held two rounds of frequently asked questions (FAQs). Prospective applicants could submit written questions to which IDFPR would post answers.

47. Through these FAQs the IDFPR indicated that the Social Equity Applicant points, Illinois Owner points, Veteran Status points, Community Engagement bonus points, Diversity Plan points, Labor and Employment Practices Plan points, Environmental Plan points, and Knowledge and Experience points would be awarded on a binary basis—all or none.

48. This necessarily meant that the remaining application Exhibits would not be graded on a binary basis and would be the way in which applicants could distinguish themselves.

49. According to the IDFPR application: “If the Division receives an application that is deficient in any respect, the Division will issue a deficiency notice via e-mail to the primary and alternate contacts identified on the application form. The applicant will have 10 calendar days from the date the deficiency notice is sent to submit the information requested. If the applicant does not provide all required information necessary to make its application complete within the allotted time, the application will be rejected and not considered for a license, and the application fee will not be returned.”

50. The binary grading of some of the exhibits coupled with the liberal deficiency notice policy were seemingly designed to give applicants and new entrants into the industry (presumably most Social Equity Applicants), a chance at a competitive application and a high score.

51. However, at no point in the process did IDFPR indicate to prospective applicants that the scoring process would be perfunctory or standardized or anything less than competitive. Indeed, the IDFPR indicated that the scoring process was so rigorous that due to the COVID-19 pandemic, it needed more time to complete the process and obtained an extension of its statutory deadlines from the Governor. In other words, there was no indication that an applicant could achieve a perfect score on non-binary Exhibits by merely meeting certain baseline standardized criteria.

52. The cost of each application was \$5,000, and \$2,500 if you were a qualified Social Equity Applicant.

The Tie-Breaker Rules

53. During the application process, the IDFPR issued an emergency rule outlining its tie-breaker mechanism. Under this process, eligible applicants with tied application scores would enter a lottery.

54. In early June 2020, the IDFPR announced that its previous emergency rulemaking relating to its tie breaker procedure—a lottery among tied applicants—expired on June 5, 2020.

55. Accordingly, the IDFPR proceeded to propose its tie-breaker procedure into a permanent rule. See Illinois Register, Title 68, Chapter VII, Subchapter b, Part 1291.

56. Those proposed tiebreaking rules were finalized in mid-August, 2020.

57. Under these tiebreaking rules, a "Tied Applicant" means an applicant that has received the same number of application points as one or more other applicants in the same

BLS region and would have been awarded a license but for the one or more other applicants that received the same number of application points. Sec. 1291.10.

58. A Tied Applicant next needs to determine whether it is an “Eligible Applicant,” which is a tied applicant that is eligible to participate in the lottery process. *Id.* Section 1291.50 established how a Tied Applicant may qualify as an Eligible Applicant.

59. The IDFPR is required to publish a list of “Eligible Applicants” and if there are two or more Eligible Applicants, the IDFPR may distribute the available licenses by lottery. Sec. 1291.50.

60. The IDFPR “shall publish a list of eligible applicants at least five business days before the day the remaining available licenses are distributed.” Sec. 1291.50(c)(1).

Post Application, Pre-Results Events

61. Under the Act, the 75 new dispensary licenses were to be issued before May 1, 2020.

62. IDFPR selected KPMG via a no-bid, \$4,200,000.00 contract to grade the dispensary license applications.

63. Upon information and belief, throughout the application grading process, IDFPR’s usage of deficiency notices was inconsistent, confusing, arbitrary and capricious.

64. Plaintiffs are aware that in some instances deficiency notices were sent by mistake.

65. Plaintiffs are also aware that in some instances deficiency notices were vague and confusing, making it incredibly difficult for the recipient to know and understand the exact issue that needed to be addressed.

66. Plaintiffs are also personally aware that in other instances deficiency notices were clear, substantive, and specific, alerting the recipient to a discrete deficiency within a particular Exhibit that was not graded on a binary basis.

67. By curing that deficiency, the recipient went on to get a perfect score on that particular Exhibit.

68. Yet that same recipient did not receive deficiency notices on other similar Exhibits that were not graded on a binary basis and had points deducted as a result.

69. Some plaintiffs were never sent any deficiency notice at all.

70. Yet these plaintiffs lost points on Exhibits for which other plaintiffs received deficiency notices and opportunities to cure.

71. In addition to the inconsistent form and usage of deficiency notices, the application grading process was substantially delayed.

72. On the eve of the May 1st deadline, the IDFPR and the Governor's office announced that grading of the applications was not timely completed due to the COVID-19 pandemic.

73. There was no indication from the IDFPR or the Governor's office as to when the Conditional Adult Use Dispensing Organization Licenses would be issued.

The Results

74. On September 3, 2020, the IDFPR notified applicants that there was a tie of perfect scores (252 points—250 plus the two bonus points) in every BLS region.

75. Twenty-one (21) applicant groups (the "Tied Applicants") achieved a perfect score. *See* Ex. A, list of the Tied applicants.

76. The Tied Applicants represent less than 5% of the total number applicants.

77. Each of those Tied Applicants that applied in a given BLS Region will likely be allowed to participate in the lottery drawings wherein the 75 conditional dispensary licenses will be awarded by lottery.

78. Other than these 21 companies, many of which could win multiple licenses, no other applicant groups will be allowed to participate in the lottery.

79. Critically, every one of the Tied Applicants purports to be at least 51% owned and controlled by a Veteran because a perfect score necessarily means that the Veteran status points were obtained.

80. Thus, 100% of the new dispensary licenses will be distributed to members of one group—military veterans.

81. Military veterans were never identified, lauded, or supported by empirical evidence to be a group that was adversely impacted by the war on drugs or required a leg up in the Illinois cannabis industry, let alone one that deserved a monopoly.

82. Veterans do not fall into the definition of Social Equity Applicant, which encompasses the categories of individuals who the Act, the State, and empirical data identified as those who should receive a boost and entry in the Illinois cannabis industry.

83. Yet many Social Equity Applicants were effectively shut out of this lottery process—and the ability to obtain a dispensary license—because they are not Veterans.

84. At least one subset of these Social Equity Applicants may never have been allowed to achieve Veteran status due to prior cannabis-related arrest or conviction, which prohibited them from joining the military yet is the very reason they achieved Social Equity Applicant status.

85. The de facto monopoly by Veterans does not comport with the stated purpose and intent of the Act.

86. Further, the 21 Tied Applicants submitted a collective 337 applications and 8 of the 21 Tied Applicants account for 257 applications.

87. Based on their corporate registration information, at least some of the 21 Tied Applicants, and particularly those 8 Tied Applicants that account for 257 applications, are owned by politically-connected individuals and those with significant connections to the Illinois cannabis industry.

88. These include, for example, separate groups owned by a former Superintendent of the Chicago Police Department, Illinois gaming operators, the leader of the Illinois cannabis trade association/lobbying group, a private equity fund, the owner of an iconic Gold Coast restaurant/brand, and at least one Democratic Committeeman and lobbyist.

89. That a select group of at most 21 companies comprised of wealthy, prominent and connected individuals will own and dominate these 75 new dispensary licenses does not comport with the stated purpose and intent of the Act.

90. Notably, throughout the country, in the state-legal cannabis industry (whether medical or adult-use), it is extremely atypical for applicants (even license winners) to achieve a perfect score on a license application.

91. This type of result strongly suggests that either (1) the IDFPR's application grading scheme was improper, (2) the grading process itself was improperly implemented and deficient, or (3) information was leaked such that some of the 21 Tied Applicants got critical information or the answers to the test ahead of time.

92. Plaintiffs have requested the scoring rubric and evaluation criteria used by IDFPR, any or all documents memorializing the reasons/rationale why plaintiffs did not score enough points to become Tied Applicants, and any and all documents relating to the scores of those that did.

93. The receipt of the request was acknowledged, but, as of the filing of this Complaint, no responsive information has been provided.

94. Upon information and belief, the IDFPR did not properly scrutinize non-binary point Exhibits.

95. Upon information and belief, the IDFPR's ranking and scoring process was corrupted, and applications were not fairly and accurately scored due to the inconsistent use of the deficiency notice process.

96. Upon information and belief, the IDFPR's scoring and ranking of applications was improper, in excess of its jurisdiction, arbitrary and capricious, and erroneous because by failing to thoroughly scrutinize the non-binary substantive plan Exhibits, the IDFPR effectively made it impossible for non-Veteran owned entities to achieve the necessary score to advance to the lottery.

97. This type of grading structure necessarily created a situation where only those with the Veteran status points could have a chance at obtaining a license because those five extra points became the distinguishing factor among the sea of high scores.

98. Upon information and belief, the IDFPR improperly or negligently allocated perfect scores to certain applications who were favored to the detriment of Plaintiffs and other applicants.

99. Upon information and belief, a separate comprehensive review of the 21 Tied Applicants to ensure that their ownership structure is compliant with the terms of the Act and the IDFPR requirements has not been conducted.

100. For plaintiffs and other applicants not among the 21 Tied Applicants selected for the lottery, the IDFPR announced on its website that there will be no process for agency administrative review, and that all such applicants not selected for the lottery have no recourse other than to file lawsuits.

101. The way the process has been set up by the IDFPR, plaintiffs have no opportunity to challenge the denial of their eligibility to participate in the lottery. By design, there is no administrative review. And by the time plaintiffs have any opportunity for judicial review, even if any can prove to the Court's satisfaction that they should have been included, the State will argue that it is too late to afford them a license because the lottery will have already occurred and the 75 dispensaries will be under construction.

102. Thus, after months of delay and silence, and despite the stated purpose and intention of the Act to bring transparency, diversity in ownership, and social equity into the Illinois cannabis industry, the IDFPR now proposes to hastily give away 75 new cannabis dispensary licenses collectively worth more than a billion dollars to a group of no more than 21 Veteran-owned companies, while denying plaintiffs and other applicants a meaningful review and opportunity to challenge.

103. This does not comport with due process.

COUNT I
(Violation of the Illinois Constitution)

104. Plaintiffs re-allege allegations 1 through 103 as if fully set forth herein.

105. The “Special Legislation Clause” of the Illinois Constitution (Art. IV, § 13) provides: “The General Assembly shall pass no special or local law when a general law is or can be made applicable. Whether a general law is or can be made applicable shall be a matter for judicial determination.”

106. A special law is one which relates to particular persons or which operates over a portion of a class instead of all of the class. In other words, the special legislation clause expressly prohibits the General Assembly from conferring the special benefit of an exclusive privilege on a person or group of persons to the exclusion of others similarly situated.

107. Here, Section 15-30(c)(9) of the Act, which requires that 5 points be awarded to applicants that qualify for Veteran status is an impermissible special law because it confers a privilege to military veterans in the adult-use dispensary license application process to the exclusion of others—in particular those who qualify as Social Equity Applicants under the Act.

108. The extra points awarded for Veteran status under the Act are arbitrary. There is no rational basis, legitimate purpose, or expressed intent in the Act or any legislative history that supports giving military veterans an advantage in the Illinois cannabis industry, let alone a decisive advantage.

109. Yet as a result of the point advantage conferred to military veterans in the Act, veterans received a monopoly over all newly issued dispensary licenses to the detriment of other Social Equity Applicants, a group which the Act expressly aims to benefit.

WHEREFORE, Plaintiffs pray for a judgment:

(a) holding that the veteran status in 410 ILCS 705/15-30(c)(9) violates Art. IV, § 13 of the Illinois Constitution;

(b) enjoining the IDFPR from holding the contemplated lottery among the Tied Applicants;

(c) requiring the IDFPR to re-grade the applications without consideration of the veteran status points;

(d) appointing a special master or monitor to oversee the re-grading process.

COUNT II
(Violation of Due Process)

110. Plaintiffs reallege allegations 1 through 103 as if fully set forth herein.

111. The IDFPR exceeded its jurisdiction in the review and scoring of applications for Conditional Adult Use Dispensing Organization Licenses.

112. The IDFPR set up a structure where nearly half of the application exhibits were scored on a binary basis.

113. On information and belief, the IDFPR did not properly scrutinize the remaining exhibits, which were not graded on a binary basis. Instead, the IDFPR applied a check-the-box type approach to these exhibits and awarded full points for products that merely met minimum rubric requirements.

114. As detailed herein, the IDFPR's usage of deficiency notices in the grading process was inconsistent, confusing, arbitrary, and capricious.

115. The deficiency notice process was used to assist certain applicants instead of all applicants.

116. Plaintiffs lost points on Exhibits for which others received deficiency notices and opportunities to cure.

117. Thus, the ranking and scoring process was corrupted, and applications were not fairly and accurately scored due to the inconsistent use of the deficiency notice process and the languid grading structure that was put in place.

118. This review and grading structure necessarily created a situation where only those with Veteran status points could have a chance at obtaining a license because those 5 extra points became the distinguishing factor among the sea of high scores.

119. A grading structure that effectively mandated that only veteran-owned applicants would succeed at obtaining a license to the detriment of all others is arbitrary and capricious and counter to the stated purpose and intent of the Act.

120. The IDFPR's improper exercise of its discretion under the Act in the implementation and grading of the applications for Conditional Adult Use Dispensing Organization Licenses led to the absurd and unreasonable result of perfect scores for 21 applicants, all of which are purportedly at least 51% owned and controlled by Veterans.

121. Plaintiffs have been denied a fair opportunity to challenge the decision to exclude them from the lottery in a meaningful way at a meaningful time. As a result they are being deprived of property rights without due process of law and lack an effective remedy.

122. Plaintiffs have been injured as a direct and proximate result.

123. Plaintiffs are entitled to sufficient notice of the basis, if any, underlying the IDFPR's decision to deny them entry into the lottery, and a fair hearing process to challenge that basis. Moreover, this process must be afforded at a meaningful time when relief can still be effectively granted.

WHEREFORE, Plaintiffs pray for a judgment:

(a) holding that the IDFPR exceeded its jurisdiction and that its application scoring process was arbitrary and capricious.

(b) enjoining the IDFPR from conducting the contemplated lottery among the Tied Applicants.

(c) requiring IDFPR to re-grade the applications with proper scrutiny.

(d) appointing a special master or monitor to oversee the re-grading process.

Respectfully submitted,

**HAZEHAUS LLC, BDMT, LLC d/b/a
PREMIER CANNA, FARMHOUSE IL LLC,
JENNY'S OF ILLINOIS I, LLC, MINT
VENTURES LLC, THE FLOWERSHOP
DISPENSARY LLC, and 2068
INVESTMENTS, LLC d/b/a WILD STAR 420**

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EXHIBIT A

Top Scoring Applicants by BLS region (REVISED)

Conditional Adult Use Dispensing Organization Licenses

September 3, 2020

Editor’s Note: At the conclusion of the scoring process, there were “tied applicants” in each of the seventeen Illinois Bureau of Labor Statistics regions (“BLS region”). Their names are listed below by region. The number next to the name of each BLS region name represents the number of conditional licenses that will be awarded in that BLS region. The number next to the name of each tied applicant represents the number of licenses that applicant sought in the BLS region.

Tied applicants, should they become eligible for the lottery, will get one entry into the BLS region’s lottery for each application fee paid up to the maximum number of licenses available in that region. A tied applicant cannot become eligible for the lottery if one or more of its principal officers are associated with more tied applicants than the number of licenses available in the BLS region. The Department must publish the names of the applicants eligible for the lottery more than five business days before the lottery is conducted.

Bloomington – 1	Cape Girardeau – 1
AmeriCanna Dream LLC – 1 Clean Slate Opco LLC – 1 Dealership LLC – 1 Fortunate Son Partners LLC – 1 Full License Pursuit LLC – 1 Mint IL LLC – 1 SB IL LLC – 1 So Baked Too LLC – 1 V3 Illinois Vending LLC – 1	AmeriCanna Dream – 1 Clean Slate Opco LLC – 1 Dealership LLC – 1 Fortunate Son Partners LLC – 1 Mint IL LLC – 1 V3 Illinois Vending LLC – 1 Vertical Management LLC – 1
Carbondale-Marion – 1	Champaign-Urbana – 1
AmeriCanna Dream LLC – 1 Clean Slate Opco LLC – 1 Dealership LLC – 1 Fortunate Son Partners LLC – 1 Mint IL LLC – 1 SB IL LLC – 1 V3 Illinois Vending LLC – 1	AmeriCanna Dream LLC – 1 Clean Slate Opco LLC – 1 Dealership LLC – 1 Fortunate Son Partners LLC – 1 Mint IL LLC – 1 SB IL LLC – 1 So Baked Too LLC – 1 V3 Illinois Vending LLC – 1
Chicago-Naperville-Elgin – 47	Danville – 1
127 IL LLC – 1 Alchemy Curations LLC – 1 AmeriCanna Dream LLC – 15 Black Rain LLC – 1 Clean Slate Opco LLC – 10 Dealership LLC – 10 Deer Park Partners LLC – 5 EHR Holdings LLC – 3 Fortunate Son Partners LLC – 10 Green Equity Ventures 1 LLC – 3 GRI Holdings LLC – 20 Make Peace LLC – 1	127 IL LLC – 1 AmeriCanna Dream LLC – 1 Clean Slate Opco LLC – 1 Dealership LLC – 1 Fortunate Son Partners LLC – 1 Mint IL LLC – 1 SB IL LLC – 1 V3 Illinois Vending LLC – 1

Chicago-Naperville-Elgin – 47 (continued)	Davenport-Moline-Rock Island – 1
Mint IL LLC – 5 SB IL LLC – 4 So Baked Too LLC – 2 Suite Greens LLC – 4 Terra House LLC – 6 TPFB LLC – 1 V3 Illinois Vending LLC – 5 Vertical Management LLC – 10	AmeriCanna Dream LLC – 1 Clean Slate Opco LLC – 1 Dealership LLC – 1 Fortunate Son Partners LLC – 1 Mint IL LLC – 1 SB IL LLC – 1 V3 Illinois Vending LLC – 1
Decatur – 1	East Central – 2
AmeriCanna Dream LLC – 1 Clean Slate Opco LLC – 1 Dealership LLC – 1 Fortunate Son Partners LLC – 1 Mint IL LLC – 1 SB IL LLC – 1 So Baked Too LLC – 1 V3 Illinois Vending LLC – 1	127 IL LLC – 1 AmeriCanna Dream LLC – 2 Clean Slate Opco LLC – 2 Dealership LLC – 2 Fortunate Son Partners LLC – 2 GRI Holdings LLC – 1 Mint IL LLC – 2 SB IL LLC – 1 Suite Greens LLC – 2 V3 Illinois Vending LLC – 2
Kankakee – 1	Northwest – 3
127 IL LLC – 1 AmeriCanna Dream LLC – 1 Clean Slate Opco LLC – 1 Dealership LLC – 1 Deer Park Partners LLC – 1 Fortunate Son Partners LLC – 1 Green Equity Ventures 1 LLC – 1 Mint IL LLC – 1 SB IL LLC – 1 V3 Illinois Vending LLC – 1	127 IL LLC – 1 AmeriCanna Dream LLC – 2 Black Rain LLC – 1 Clean Slate Opco LLC – 3 Dealership LLC – 3 Deer Park Partners LLC – 2 EHR Holdings LLC – 1 Fortunate Son Partners LLC – 3 GRI Holdings LLC – 1 Mint IL LLC – 2 SB IL LLC – 1 Suite Greens LLC – 2 Terra House LLC. – 2 TPFB LLC – 1 V3 Illinois Vending LLC – 3
Peoria – 3	Rockford - 2
127 IL LLC – 1 AmeriCanna Dream LLC – 2 Black Rain LLC – 1 Clean Slate Opco LLC – 3 Dealership LLC – 3 Fortunate Son Partners LLC – 3 GRI Holdings LLC – 1 Mint IL LLC – 2 SB IL LLC – 1 So Baked Too LLC – 2 V3 Illinois Vending – 3 Vertical Management LLC – 3	127 IL LLC – 1 AmeriCanna Dream LLC – 1 Clean Slate Opco LLC – 2 Dealership LLC – 2 Deer Park Partners LLC – 2 EHR Holdings LLC – 1 Fortunate Son Partners LLC – 2 Mint IL LLC – 2 SB IL LLC – 1 TPFB LLC – 1 V3 Illinois Vending LLC – 2

South – 2	Springfield – 1
127 IL LLC – 1 AmeriCanna Dream LLC – 1 Clean Slate Opco LLC – 2 Dealership LLC – 2 Fortunate Son Partners LLC – 2 Mint IL LLC – 2 SB IL LLC – 1 V3 Illinois Vending LLC – 2	AmeriCanna Dream LLC – 1 Clean Slate Opco – 1 Dealership LLC – 1 Fortunate Son Partners LLC – 1 Mint IL LLC – 1 SB IL LLC – 1 V3 Illinois Vending LLC – 1
St. Louis – 4	West Central – 3
127 IL LLC – 1 AmeriCanna Dream LLC – 2 Clean Slate Opco LLC – 4 Dealership LLC – 4 Fortunate Son Partners LLC – 4 GRI Holdings LLC – 1 Mint IL LLC – 2 SB IL LLC – 2 So Baked Too LLC – 2 V3 Illinois Vending LLC – 4	127 IL LLC – 1 AmeriCanna Dream LLC – 2 Clean Slate Opco LLC – 3 Dealership LLC – 3 Fortunate Son Partners LLC – 3 GRI Holdings LLC – 1 Mint IL LLC – 2 SB IL LLC – 1 Suite Greens LLC – 3 V3 Vending Illinois LLC – 3